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Iran's Quest For Superpower Status . . . . . *Gary Sick* 697
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A Nuclear Test Ban . . . . . *Paul Doty* 750
Economic Imbalances and World Politics
*C. Fred Bergsten* 770
Correcting the Trade Deficit . . . . . *Martin Feldstein* 795
A View From Khartoum . . . . . *Ann Mosely Lesch* 807
CONTAINMENT: 40 YEARS LATER
Introduction . . . . . 827
On Ending the Cold War . . . . . *W. W. Rostow* 831
The Sources of Soviet Conduct . . . . . *X* 852
The Cold War . . . . . *Walter Lippmann* 869
Containment Then and Now . . . . *George F. Kennan* 885
Recent Books on International Relations . . . . . 891
Source Material . . . . . 917



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*Gary Sick*

# IRAN'S QUEST FOR SUPERPOWER STATUS

Since 1973 and the first oil shock, the center of gravity of Middle Eastern politics has been gradually shifting—from the eastern Mediterranean and the Arab-Israeli conflict toward the Persian Gulf and Iran. That process was accelerated in 1979 by the signing of the Egyptian-Israeli peace treaty, which dramatically reduced the likelihood of another Arab-Israeli war, and the nearly simultaneous climax of the Iranian revolution, which replaced the government of Shah Mohammad Reza Pahlavi with a radical theocratic regime under the leadership of Ayatollah Ruhollah Khomeini.

Iran has long harbored ambitions to become the superpower of the Persian Gulf. That prospect is not as improbable today as in the past. In recent years, despite the severe constraints imposed by a chaotic internal situation, Iran has managed a complex and dangerous set of international relationships with boldness, sangfroid and a considerable measure of success.

Americans are prone to evaluate developments in Tehran from the perspective of U.S. concerns, particularly after the revelation of U.S. arms sales. The world as seen from Tehran, however, constitutes sets of interlocking circles of threats and interests in which the United States is important but far from paramount.

The most important circle of attention is the constantly shifting balance of power within the revolution itself. Second, and only slightly less important, is the war with Iraq. Every aspect of the war has both practical and ideological implications for the survival of the regime; it is the object of the most intense controversy and debate. Third is oil policy—production, pricing and distribution—which is intimately associated with Iran's role in OPEC. For the most part, oil policy has not

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been a subject of political contention. Responsibility for management of the petroleum industry has been delegated to technicians who are essentially nonpolitical and nonideological. Iranian strategy in OPEC is apparently set by a small group of technocrats and political leaders at the very top of the power structure whose decisions, at least to date, have not been subject to serious public debate.

The fourth and fifth circles center on the two superpowers and their respective European allies, with the Soviet Union of more immediate and active concern than the United States. Sixth is Iran's relations with the regional states of the Persian Gulf and Middle East, including Syria and Libya. These two states occupy a special role as important (though not entirely reliable) allies in the Arab camp. Finally there is the collection of more distant states or entities, such as the United Nations, the Islamic Conference, the Nonaligned Movement, Japan, China, Vietnam and African states, that may be important to Iran on certain issues but tend to be marginal players in Iran's core concerns.

All of these circles overlap and interact. This analysis will focus on the domestic interests, which establish the baseline for all Iranian foreign policy behavior, including its war strategy; on relations with the two superpowers; and on Iran's relations with its regional neighbors.

## II

The one cardinal rule that the United States has learned—or should have learned—from its eight years of experience with revolutionary Iran, is that Iranian foreign policy is produced and conditioned by the hard imperatives of domestic politics in Tehran. The supreme goal of Ayatollah Khomeini and his associates is to assure the continuation of theocratic rule and to preserve the legitimacy of the new regime. They are playing for the highest of stakes—their own survival—a fact that focuses the mind wonderfully.

The first momentous encounter between the United States and the Islamic Republic of Iran—the seizure of the U.S. embassy in Tehran and the imprisonment of its occupants for 444 days—is best understood not in foreign policy terms but rather, as Khomeini designated it, as the "second Iranian revolution." The event was exploited by Khomeini to rid himself of troublesome secular elements within his own government and to mobilize mass support for a radical transfor-

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mation of the political structure and leadership of the country. In retrospect, it is apparent that the rhythm of the hostage crisis was attributable more to internal developments in Tehran than to anything the United States and the international community did or did not do.

The original hostage crisis provided compelling evidence of a leadership prepared to take extraordinary international risks in pursuit of its own domestic agenda. Khomeini demonstrated a cool and calculated ability to manipulate events for his own benefit and to function purposefully in the midst of political and economic tumult. The leadership in Tehran also displayed an appreciation for damage limitation, as when it quietly squelched calls for a hostage trial and expelled a hostage who was seriously ill in order to avoid probable U.S. retaliation. Moreover, when the crisis had served its purpose and the institutions of a suitably theocratic government were firmly in place, Tehran negotiated the safe release of the hostages on terms that cost the regime dearly, relinquishing its original demands for a U.S. apology and return of the shah's assets.

In short, the leadership in Tehran showed itself to be exquisitely sensitive to its own internal priorities, immensely stubborn and tenacious in the face of nearly universal reproach, flexible and calculating in minimizing tactical damage to its own interests, and thoroughly pragmatic—even nonideological—when it determined that the game was no longer worth the candle.

There is perhaps no nation in the world that would be prepared to pay the very high price that Iran paid during the hostage crisis for its pursuit of idiosyncratic religio-revolutionary goals. Hence the perception of irrationality. But its actual performance was anything but irrational. On the contrary, Iran proved itself to be an adept and dangerous adversary, to be underestimated only at one's peril.

The Iranian revolution is now more than eight years old. During those years, the new theocratic regime has experienced a major confrontation with a superpower, six-and-a-half years of a brutal and devastating war with Iraq, a prolonged and ugly conflict with the Kurdish tribes in the northwest, several attempted coups, an open rebellion led by the Mujahedeen-al-Khalq in 1981, attempted subversion by the pro-Soviet Tudeh party, and a steady succession of bombings, assassinations, hijackings and other terrorist attacks. International sanctions and attacks on its oil production, refinery and export facilities

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have had a profound impact on the structure of its trade and finances.

At the same time, Iran has effected a near total overhaul of its political, economic and social institutions, from the national constitution down to the lowliest neighborhood committee. It has completely restructured the educational, judicial and social-welfare systems. In the midst of war, it has redesigned its military forces in a unique three-part structure composed of the traditional professional military, the parallel Islamic Revolutionary Guards Corps (commonly known as the *pasdaran*), and a massive levy of volunteers known as the *basij*. It has absorbed several million refugees from Afghanistan and the war fronts. The new regime has nationalized some 80 percent of the nation's industry, initiated a massive rural development program and engaged in a vociferous dispute about land reform.

Revolutionary Iran is a land of raucous debate where personal ambitions find expression in the vocabulary of revelation. Triumph over the old regime seems to have obliterated the past and convinced the new generation of revolutionaries that they could reinvent the world. That prospect released a remarkable surge of energy, but it also whetted immense appetites among those who hoped to define the future. Following the lead of Khomeini, who wove the rich symbolism of Shia Islam into the political fabric of the nation, personal and institutional rivalries are now conducted in the language, and with the same passionate conviction, reserved in medieval times for debate of first principles. Politics and metaphysics have fused.

Given the societal turmoil and the absolutist tenor of the debate, it is surprising that Iran has done as well as it has. The Iranian leaders have consolidated their control of the new revolutionary institutions. Their military forces, at great human expense, have reversed the early defeats of the war and have established a degree of momentum on the battlefield. They have continued to call on the long-suffering Iranian population for sacrifice, and the population—grumbling, to be sure, and with waning enthusiasm—has responded. They have demonstrated considerable skill and ingenuity in managing their oil industry in the face of Iraqi air raids. And despite eight years of seeming chaos, they have succeeded in paying off their entire foreign debt.

In fact, the pattern that has emerged in nearly every aspect

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of Iranian policy—foreign and domestic—has been extreme rhetoric in public pronouncements balanced by calculated flexibility and utter realism in practice, at least in those areas regarded as critical to survival. The war in particular has imposed a sense of realism and practical limitations.

## III

Initially, Iran proclaimed its foreign policy in absolute, exclusionary terms in which Iran's role was to serve as the exemplar and catalyst to bring "Islam to the entire world."[1] The Iranian Ministry of Foreign Affairs and the foreign service were purged repeatedly, and representatives abroad were exhorted to abjure traditional diplomacy in favor of revolutionary and doctrinal purity. Implicit in this approach was the assumption that the world was corrupt and, in the end, the world needed Iran more than Iran needed the world.

After four years of war that assumption was wearing thin. In October 1984, Khomeini summoned Iran's diplomatic representatives from abroad and instructed them to take a new approach:

> We should act as it was done in early Islam when the Prophet . . . sent ambassadors to all parts of the world to establish proper relations. We cannot sit idly by saying we have nothing to do with governments. This is contrary to intellect and religious law. We should have relations with all governments with the exception of a few with which we have no relations at present. . . . We will not establish relations with America unless America behaves properly.[2]

Iranian Prime Minister Mir Hossein Musavi-Khamenei expanded on these comments, noting that Iran had experienced difficulties in obtaining spare parts and military equipment because of U.S. pressures. He offered assurances to the nations of the region who had feared the export of Iran's revolution: "We do not want to export armed revolution to any country. That is a big lie. Our aim is to promote the Islamic Revolution through persuasion and by means of truth and courage. These are Islamic values."[3]

[1] The millenarian goals of Iran's post-revolutionary foreign policy are examined in R. K. Ramazani, *Revolutionary Iran: Challenge and Response in the Middle East,* Baltimore: The Johns Hopkins University Press, 1986, especially chapter 2.

[2] *Foreign Broadcast Information Service Daily Report: South Asia* (henceforth *FBIS: South Asia*), Oct. 30, 1984.

[3] *Ibid.*

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These pronouncements marked a fundamental shift, not in Tehran's foreign policy goals but in its strategy for pursuing those goals. Khomeini and his lieutenants had discovered that a policy of unrelenting hostility and pressure was getting nowhere and, more important, was hampering Iran's ability to sustain itself at home while fighting a total war. This shift occurred at a moment when domestic popular discontent was on the rise due to shortages and inefficiencies. Moreover, the attempt to carry the war into Iraq appeared hopelessly bogged down, and domestic terrorist attacks were again becoming more frequent after a lapse of several years. It may also have been more than coincidental that this sharp reversal of policy was announced just as the United States was completing arrangements to reestablish diplomatic relations with Iraq, thus raising the prospect that both superpowers would be arrayed with Iran's mortal enemy.[4]

The announcements in late 1984 were followed by a series of missions by key Iranian political figures to dozens of countries throughout the world. The message of these emissaries in each case was that Iran posed no military or subversive threat to its neighbors, that the war with Iraq was imposed on Iran by Saddam Hussein's aggression, that Iran had no territorial designs on Iraq or any other nation in the Persian Gulf region, and that Iran desired normal political and trade relations with all countries of the world.

The campaign had its setbacks; when President Hojatolislam Sayed Ali Khamenei visited Zimbabwe in January 1986 he created a diplomatic incident by refusing to attend a state dinner where wine was served and where a female cabinet minister was present. However, for the most part these delegations were successful in softening Iran's extremist image and in beginning to restore commercial and political ties that had been interrupted by the revolution. By mid-1986 Khomeini was able to assert: "There was a time when the situation was chaotic and everything was in ruins, but—thank God—everything is now proper and right. . . . Domestic and international affairs are put right."[5]

[4] Iran's concern may have been heightened by the fact that only four months earlier the Saudi air force, flying U.S.-built F-15 fighters and supported by U.S. AWACS targeting data, had shot down an Iranian F-4 fighter over the Persian Gulf.

[5] *FBIS: South Asia*, June 9, 1986.

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Khomeini's claim was exaggerated, but his hyperbole was understandable in view of the considerable achievements of Iran's diplomatic offensive of the previous 18 months. Saudi Foreign Minister Saud al-Faisal had paid a formal visit to Tehran in May 1985, and Iran had agreed to help reduce tensions associated with the annual pilgrimage of large numbers of Iranians to Mecca. In return, Saudi Arabia reportedly agreed to provide regular shipments of refined petroleum products to Iran, whose refineries were under attack by Iraqi bombers. In February 1986 Iran had successfully crossed the Shatt al-Arab waterway, establishing a beachhead on Iraqi territory at Fao. Iran had also cemented new trade and diplomatic relations with China and a number of other countries.

Most important, when Khomeini made this statement he knew—as most of the rest of the world did not—that Iran had succeeded in restoring an arms supply relationship with the United States. By that time, Iran had received intelligence briefings from the United States on both Iraq and the Soviet Union and had taken delivery of some 1,500 TOW missiles and components for its U.S.-built Hawk air defense system. Only days before Khomeini's optimistic appraisal the United States had secretly dispatched former National Security Adviser Robert McFarlane to Tehran to urge Iran's assistance in freeing U.S. hostages in Lebanon and to seek a broader political dialogue with the Islamic revolutionary regime.

Iran understands as well as any country the implications of relative status implicit in diplomatic protocol. The fact that the United States was willing to send a high-level delegation to the capital of those who had kidnapped and held U.S. diplomatic hostages, to place itself in the hands of some of the very individuals who had participated in the hostage incident and to entreat them to reestablish a political relationship was perceived in Tehran as a remarkable vindication of their hard-line policy.

Khomeini later said that those hostile to Iran "have apparently come back today and presented themselves meekly and humbly at the door of the nation wishing to establish relations. . . . Right now, all big countries are competing to establish relations with Iran."[6]

[6] *FBIS: South Asia,* Nov. 20, 1986.

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IV

Regrettably, there is no evidence that the U.S. officials who planned the daredevil McFarlane mission had given any serious thought to the foreign policy signal it might convey. On the contrary, their decision to bring with them a chocolate cake inscribed with a small gold key suggests that the mission was regarded as an adventure, even a lark, and it betrays an embarrassing lack of understanding about the nature of the individuals with whom they were dealing.

The Iranians participating in contacts with the United States were engaged in a deadly gamble. They needed U.S. military equipment and spare parts, and they were prepared to do whatever was necessary to obtain them—including bargaining with the United States and (indirectly) even Israel. But powerful factions in Iran opposed any apparent softening of revolutionary resolve and continued to view any dealings with the "Great Satan" as treasonous. Perhaps that is what the speaker of the *Majlis* (parliament), Hojatolislam Hashemi Rafsanjani, had in mind when he made a public speech only one day after Khomeini's declaration that all had been "put right." Rafsanjani commented:

> There are at present two relatively powerful factions in our country with differences of view on how the country should be run and on the role of the government and that of the private sector in affairs. These two tendencies also exist in the Majlis, in the government, within the clergy, within the universities and across society as a whole. . . . They may in fact be regarded as two parties without names.[7]

These two nameless parties, as suggested by Rafsanjani, are most prominently visible on domestic economic issues, e.g., land reform and nationalization. One faction, represented by such individuals as Minister of Heavy Industries Behzad Nabavi, favors government intervention in all major sectors of the economy. Another faction, reflecting the views of the traditional commercial interests of the bazaar and the conservative clergy, favors a deliberately free-market approach. Ayatollah Hussein Ali Montazeri, the designated successor to Khomeini, believes that "private enterprise proves to be a better administrator of business than is the government." If industry is privately owned, he has said "competition will be created and

[7] *FBIS: South Asia*, June 11, 1986.

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competition, supply and demand can solve many problems. However, if the government imports and hands the product over to the cooperative, the situation will remain as it is."[8] These issues have been the subject of lively and well-publicized debate inside Iran ever since the fall of the shah.

Less publicity is accorded to debate on issues of military and foreign policy, so it is more difficult to identify members of different factions, to specify the precise nature of their differences and to judge the relative political influence of one party or another at any given moment. Nevertheless, questions about the appropriate division of labor between the regular military and the Revolutionary Guards have sparked fierce debates throughout the course of the war.

Khomeini has had to intervene repeatedly to legitimize the role of the Revolutionary Guards and their development into a mirror image of the regular armed forces, with their own naval and air arms as well as mechanized and armored units equipped with heavy weapons. These disputes have gone beyond questions of allocation of scarce military equipment to issues of basic strategy. The Revolutionary Guards have placed a high premium on personal zeal, in the use of both massive "human wave" assaults and small-unit guerrilla actions, with little regard for casualties. The professional military has argued for careful preparation and training, the development of adequate logistical support and a more deliberate approach designed to minimize casualties and the risk of defeat.

In early 1985 Rafsanjani announced that it was Iran's intent "to achieve victory with as few casualties as possible,"[9] suggesting that the professional military was being heeded. That impression was strengthened by the successful attack on the once busy port of Fao in early 1986. It was a complex amphibious operation, worthy of comparison to Anwar Sadat's surprise attack across the Suez Canal in 1973. The operation was prepared and rehearsed for an entire year, and it effectively blended the planning skills of the professionals with the courage and élan of the Revolutionary Guards.

By mid-1986, however, the rivalry—and the debate over strategy—had reemerged. In July, the commander of the Iranian ground forces, Colonel Ali Seyyed Shirazi, and the commander of the Revolutionary Guards, Mohsen Rezaie, clashed

[8] *FBIS: South Asia,* June 26, 1986.
[9] *FBIS: South Asia,* Feb. 6, 1985.

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violently over policy. Khomeini called them to his residence on July 19, 1986, where he enjoined them to "seek unity." "You must endeavor," he told them, "not to think in terms of being members of the Armed Forces or those of the Guards Corps or of the Basij forces. . . . We must understand that if there were to be any disputes among you . . . not only are we doomed here and now, but we also are guilty before God."[10] Both Shirazi and Rezaie were appointed members of the Supreme Defense Council, but three weeks later Shirazi was relieved of his post as commander of the ground forces, while Rezaie retained his operational command. It appeared that Shirazi had been kicked upstairs and that the Revolutionary Guard was once again in the ascendancy.

In October, Rafsanjani defined what he called "the new war strategy" of Iran in terms that sounded very much like a compromise. After the Fao operation he said, "the officials in charge of the war reached the conclusion that instead of utilizing diverse resources on an ad hoc basis, it is better to prepare for a concentrated program to carry out an extensive and destiny-making offensive, and it is necessary to carry out more extensive and sustained operations. . . . Our aim in all these movements is to reach our objectives through a huge movement, without shedding too much blood."[11] This formula appeared to contain elements intended to accommodate the positions of both the military and the Revolutionary Guards. However, the series of offensives that Iran launched in late 1986 and early 1987 resulted in some of the highest casualty figures in the war to date.

## V

The most dramatic evidence of internal tension and dispute within the closed circle of Iran's foreign policy decision-makers was provided by the controversy surrounding contacts with the United States. The internal opposition to the arms deal with Washington centered on a group of radical revolutionaries headed by Mehdi Hashemi. Hashemi, a relative by marriage of Ayatollah Montazeri, had long been associated with Montazeri's son, Mohammad, whose history of mental illness and radical behavior earned him the nickname of the "Red Sheikh" and eventually led the elder Montazeri to disassociate himself

[10] *FBIS: South Asia,* July 21, 1986.
[11] *FBIS: South Asia,* Oct. 31, 1986.

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from his son's activities. Mohammad Montazeri died in a bombing incident in 1981 that killed more than 70 top leaders of the Islamic Republican Party.

Apparently Hashemi assumed direction of the Islamic Liberation Movement after the younger Montazeri died. Although the organization was formally disbanded in 1984, it retained close contact with hard-line elements in the Revolutionary Guards and continued to operate out of Ayatollah Montazeri's offices in Qom, trading on the Montazeri name. Hashemi had evidently learned of the McFarlane visit after the American visitors, left waiting at the airport, finally identified themselves to officials who turned out to be Revolutionary Guards. The Guards later attempted to kidnap McFarlane and his party, but were thwarted by forces loyal to Rafsanjani.

In August and September of 1986, Hashemi and his ultra-radical supporters detected what they interpreted as evidence that Rafsanjani and others were softening their position on the war.[12] Also, because of their close ties to radical Shia groups in Lebanon, they were no doubt aware of pressure being exerted to effect the release of U.S. hostages there. In early October, the Hashemi group circulated leaflets in Tehran opposing these policies and advocating resistance. Shortly thereafter, Hashemi and some 40 others were arrested, including several members of the Majlis. In retaliation, associates of Hashemi leaked to a Lebanese magazine details of the McFarlane visit to Tehran in May.

Thus the leak that put the entire U.S.-Iran relationship on the front pages of the world and initiated a crisis of confidence in the United States was the result of a power struggle inside Iran that was only indirectly concerned with the United States or even with foreign policy. This conclusion is strengthened by the extensive evidence provided in the Tower Commission report of February 26.

Members of the Majlis called for an investigation, and there were rare public demonstrations. Khomeini had to intervene personally to halt the escalating confrontation and to plead for unity. "What is wrong with you?" he asked the protesters. "I know some of you. . . . I do not want to break your heart, but

[12] On July 31, 1986, Rafsanjani gave a speech indicating that Khomeini's mention of the "year of victory" did not necessarily mean "that the war will come to an end. . . . We hope to gain more considerable victories this year. . . . And we believe that when all supporters of Saddam become disappointed . . . then victory will be ours." (*FBIS: South Asia,* Aug. 1, 1986.)

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you should not break the heart of the nation either. . . . You should not set up hard-liners and moderates. You should not create a schism."[13] The protests promptly ceased, but the tensions between the "two parties without names" in Iran remained as fervent as ever.

This account suggests that the primary divisions within Iran relate to differences over the allocation of power on the domestic scene, not over foreign policy per se. The Hashemi group had been aware of the McFarlane visit since May and had tolerated it. It was only after Hashemi's arrest in October that they decided to use that information as ammunition against their internal opponents. The fundamental policy dispute centered not on the United States but on the continuing feud between the Revolutionary Guards and the regular military. That dispute goes to the heart of the meaning of the revolution, and it is certain to continue.

These events also suggest that the shorthand distinction between "radicals" and "moderates" inside Iran is at best misleading. If followed to its logical conclusion, it suggests that Khomeini—who was undoubtedly aware of the contact with the United States and who came to the defense of those who had arranged it—is a "moderate." It would be more accurate to say that there are powerful individuals among the Iranian leadership who are prepared to deal with the United States, if necessary, to preserve Iran's fundamental interests and to obtain military equipment and spare parts to prosecute the war with Iraq. Those individuals are not "pro-Western," but they are prepared to bargain with the West on secondary issues to promote the objectives of the revolution. Other individuals with close access to the power structure believe that the true purposes of the revolution can be served only by strict national self-reliance and rejection of any compromise or accommodation with the West.

The United States may be able to take advantage of this schism to pursue its own interests in the region, but it must do so with no illusions about the prospects of a fundamental shift in Iranian attitudes and with a skeptical awareness of the limits of maneuverability available to any Iranian political leader. Any approach to Iran should be undertaken with limited objectives and low expectations.

[13] *FBIS: South Asia*, Nov. 20, 1986.

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## VI

The evolution of Iran's relations with the Soviet Union is a fascinating example of jostling and cajoling by two utterly ruthless powers—one large, the other small—whose history as neighbors provides no basis for complacency or trust. The Iranian revolution surprised the Soviets nearly as much as the Americans. The Soviets, however, had less to lose and were quick to stitch together a strategy once they realized that the shah's regime was collapsing.

The leadership of the pro-Soviet Tudeh party returned to Iran in 1978 and 1979 from long exile in the U.S.S.R. and Eastern Europe and began rebuilding the party's strength. With Soviet assistance and support, the Tudeh adopted a policy of praising Khomeini and the revolution while calling for the establishment of a popular front in which they could participate in power. Initially Khomeini tolerated the Tudeh, and it looked as if its strategy of positioning itself inside the revolution might work. But the subterfuge was too blatant to be ignored. As one Islamic newspaper put it, the communists "threw a mouse in the soup of the revolution and, without any shame, shouted 'Oh hajji, we are also a partner.'"[14] The Tudeh headquarters was occupied by *hezbollahi* ("partisans of God") in 1980, and by 1981 the party had been forced underground.

In early 1982, when Iran had pushed Iraqi troops back to the border and was considering its next move, the Soviets attempted to persuade Iran to accept a negotiated settlement of the war, warning that they would be obliged to resume major arms deliveries to Iraq if Iran tried to carry its counter-offensive into Iraqi territory. Iran rejected the Soviet threat and launched the first of its many attempts to break through Iraqi lines. The Soviets resumed arms deliveries, and by the end of the year Soviet-built missiles were falling on Dizful and other Iranian border cities.

During the last months of 1982 the Soviet vice consul in Tehran, Vladimir Kuzichkin, defected to British intelligence with documentary evidence about Soviet and Tudeh penetration activities in Iran.[15] This information was fed back to authorities in Iran, who launched a concerted attack on the Tudeh infrastructure. In February 1983 the entire top lead-

[14] Cited in *Strategic Survey, 1982–83,* London: International Institute of Strategic Studies, p. 84.

[15] Elaine Sciolino, "Iran's Durable Revolution," *Foreign Affairs,* Spring 1983, p. 912.

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ership of the party was arrested, hundreds of Iranians were taken into custody, and 18 Soviet diplomats were summarily expelled from the Soviet embassy. Within a period of several months, much of the subterranean network that the Soviets had painstakingly developed in Iran was reduced to a shambles.

This exchange of blows established the pattern for Soviet-Iranian relations in the years that followed. The Soviets, discarding any illusions about collaboration with the Islamic revolution, withdrew their experts from steel and power projects begun under the shah, and they took off the gloves in their unofficial propaganda broadcasts. The so-called National Voice of Iran (NVOI), a clandestine radio station broadcasting in Persian from the vicinity of Baku in the Soviet Union, turned vitriolic:

> Every Iranian, be he fanatic or religious, can perceive the bloodstains of the Iranian nation's innocent children on the turban, cloak and garment of these clergymen who have seized power and on the ugly faces of these turbaned executioners. . . . We realize that our nation is confronting the bloodiest regime of all, which under the banner of religion . . . has surpassed all bloody fascist regimes. The Iranian people will never forgive them for these crimes. The day is not far off when the Iranian people will avenge the blood of their dear ones. . . . that historic day—the day of the nation's vengeance.[16]

Iran subsequently arrested 60 ranking members of the pro-Soviet wing of the Fedayeen-al-Khalq in January 1986. Shortly thereafter Iran withdrew its ambassador to Moscow and placed him under arrest for suspected subversion. In September 1986 the Iranian navy for the first time stopped and searched a Soviet merchant vessel in the Strait of Hormuz.

Both sides were at pains, however, to keep this retaliatory cycle from getting out of hand. Even as they denounced each other, they were also carrying on a dialogue on issues of mutual importance. The Soviet Union was particularly anxious to restore deliveries of natural gas, which had been interrupted at the time of the revolution, and to avoid shoving Iran back into the arms of the United States.

An Iranian economic delegation visited the Soviet Union in September 1985. At about that time NVOI suspended its broadcasts, and the Soviet side agreed to resume supplying spare parts for the Soviet-built Isfahan power station. Iran, in turn,

[16] *FBIS: South Asia*, Jan. 18, 1985.

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played a helpful role in securing the release of Soviet diplomats who were taken hostage in Lebanon in the same month and received a formal expression of gratitude from the Soviet ambassador.[17]

Soviet First Deputy Foreign Minister Georgi Kornienko visited Tehran in February 1986 to pursue talks on natural gas and to establish an Aeroflot route between Tehran and Moscow. These contacts continued throughout 1986, resulting in the formal reestablishment of the Permanent Commission for Soviet-Iranian Economic Cooperation in December after a six-year lapse. Contrary to expectations, however, Iran refused to accept Soviet conditions for resumption of natural gas deliveries, and the Soviet economic delegation was treated to repeated public lectures about the Soviet presence in Afghanistan. It departed after signing a bland economic protocol that merely called for future meetings, and immediately after its departure mass rallies were organized throughout the country to protest the 1979 Soviet invasion. The subsequent visit of Iranian Foreign Minister Ali Akbar Velayati to Moscow in February 1987 kept the dialogue alive but otherwise left things very much as they were.

The absence of progress on the economic front may have been due in part to Soviet displeasure about Iran's arms deal with the United States and hints of Soviet involvement in the Hashemi affair. A Soviet diplomat in Tehran, Vyachel Solosin, was reported to have committed suicide on the same day that Hashemi was arrested,[18] and shortly thereafter a clandestine Soviet station resumed propaganda attacks on the Iranian regime. Using the new name of "Radio of the Iran Toilers," it urged Iranians to "raise the call of long live peace, long live freedom, death to Khomeini, and death to U.S. imperialism."[19] Rafsanjani responded by attacking Soviet arms deliveries to Iraq and denouncing Soviet pressures: "The Soviet Union is a powerful country and is very angry with us over Afghanistan. We say: 'Your troops are in Afghanistan, so this is how we will treat you.' We destroyed their elements, the Tudeh party, and we stood against their aggressive policies."[20]

The Soviet Union and Iran, like the two proverbial scorpions

[17] *FBIS: South Asia,* Nov. 12, 1985.
[18] *FBIS: South Asia,* Oct. 16, 1986.
[19] *FBIS: South Asia,* Nov. 25, 1986.
[20] *FBIS: South Asia,* Dec. 19, 1986.

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in a bottle, are engaged in a wary and dangerous dance. Profoundly distrustful of each other yet bound together by geography, they circle and probe; but neither side is willing to risk pushing the situation to the limit. The two parties share a number of mutual interests, which they are prepared to pursue cautiously while keeping a watchful eye. The Soviets, however, make no secret of their preference for a more tractable partner than the religious ideologues now in power in Tehran, and in the event of a new outburst of political turmoil in Iran, the game could become deadly.

VII

The same combination of toughness and tractability that Iran has adopted in its dealings with the United States and the Soviet Union has been employed in Tehran's relations with the conservative Arab governments of the Persian Gulf. The difference is that, unlike relations with the superpowers, Iran enjoys a preponderant power position in relation to its smaller neighbors. Iran controls half the coastline of the Gulf. Its total area is only slightly less than the area of all the other Gulf states combined. According to the latest Iranian census, more people have been born in Iran since the revolution (11 million) than the total number of citizens of all the other Gulf states combined.[21]

The revolutionary regime in Tehran aspires, as did the shah before it, to be recognized as the dominant power of the region. Rafsanjani has characterized Iran's naval and other forces as "the guardians of Persian Gulf security," and has threatened to "turn off all the oil taps in the Persian Gulf" if Iran's oil exports are stopped.[22] Iran has attacked shipping in the southern Gulf in retaliation for Iraqi air attacks on its shipping and as a warning to the Arab oil producers that their support for Iraq is not cost-free. Iranian fighter-bombers have also on occasion "accidentally" dropped bombs in Kuwaiti territory to underline Tehran's displeasure over Kuwaiti policies.

These heavy-handed tactics have been balanced, particularly in the past two years, by verbal assurances that Iran has "no covetous eye on Iraqi territory and it has high respect for the

[21] Iranian figures are from a report to the nation by Prime Minister Musavi-Khamenei, Oct. 29, 1986. The number of citizens (as opposed to residents) of the Gulf states was estimated to be approximately nine million in 1981 (Ramazani, *op. cit.*, p. 259). Iraqis are excluded from these comparisons.

[22] *FBIS: South Asia,* Sept. 13, 1985.

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Persian Gulf littoral states."[23] In recent years Iran has muted its public criticism of Saudi Arabia and the Gulf states, has welcomed a number of Gulf leaders to Tehran, and has maintained a continuing dialogue on issues relating to oil and the war through special emissaries and normal diplomatic channels.

The Gulf states have responded to these overtures and assurances with cautious reserve. They have reaffirmed their support for Iraq, but they also understand that if Iran prevails in its war with Iraq they will be left in a particularly vulnerable and exposed position, more dependent than ever on U.S. security guarantees.

Thus the news of U.S. arms supplies to Iran came as a considerable shock, for it suggested, at best, that the United States was insensitive to their security concerns or, at worst, that the United States had concluded that Iran was destined to win the war and was moving in advance to cement its ties with the victor. The fact that the U.S. policy was carried out in close cooperation with Israel only enhanced these suspicions.

The Gulf states have stoutly resisted being stampeded by Iran, but they are also realistic about the dangers of an emerging power imbalance in Iran's favor. Accordingly, they have hedged their bets by maintaining civil relations with Tehran and by accommodating Iranian policy on oil and other issues when they can do so without harm to their own basic interests. Iran seems to have accepted this situation as the best it can realistically achieve while it has its hands full with Iraq. If Iran should win a major military victory, or if the government of Saddam Hussein should collapse under Iranian pressure, Iran could be expected to be much more demanding of its smaller neighbors.

## VIII

From this selective overview of Iran's efforts to deal with its foreign policy predicament, it is possible to draw a few general observations.

First, Iran's tactical performance has been shrewd and tough. The new regime has used whatever leverage available to seize the initiative and to keep its many adversaries off balance. The new leaders have been bold, but they have also been willing to bend their revolutionary principles when it suited their pur-

[23] Iranian presidential envoy Hussein Lavasani during a tour of the Gulf states, Feb. 18, 1986, (*FBIS: South Asia,* Feb. 19, 1986).

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pose. Iran's record as a middle-range power in dealing with two hostile superpowers and a host of smaller opponents is impressive.

Second, Iran has proved adept in the practice of "thump and talk" diplomacy, lashing out with what appears to be utter fearlessness and abandon at enemies of all sizes while simultaneously discussing agreements and concessions. Its reputation as a "crazy state" is deserved, but it is often not as crazy as it seems. President Nixon was not the first to recognize that a bit of perceived "craziness" can be valuable in keeping an opponent on the defensive. Iran exploited this attribute to the hilt with the Americans and Israelis in 1986 to get the maximum quantity of arms for the minimum number of hostages. The regime's repeated failure to keep its promises could always be explained by the craziness of the country's internal politics and of those holding the hostages in Lebanon. Whether true or contrived, it worked.

Third, it is apparent that Iran has modified, at least for the time being, its millenarian goal of bringing "Islam to the entire world" in favor of a policy that might be described as "clericalism in one country." Eight years after the revolution, Iran is less concerned with fomenting rebellion abroad and more concerned with consolidating and protecting the revolution within its own borders. That is not to say that Iran will not meddle abroad when the opportunity presents itself. It is doing so in Lebanon and probably elsewhere. It is also not to say that this is necessarily a permanent condition. It may be nothing more than a recognition that after more than six years of war Iran had best devote its limited resources to problems close to home. Nevertheless, it is a fact that the export of revolution does not get a great deal of attention in Tehran these days.

Perhaps because of the high price it paid for the original hostage crisis, Iran now attempts to avoid direct association with terrorism. Its deputy prime minister has declared (with a straight face) that it is "against hostage taking, which is also rejected by Islam" and that it will "take any measures in its power, wherever in the world" to oppose the taking of hostages.[24] Obviously, Iran is willing to take advantage of its relationship with radical groups holding hostages for bargaining purposes, but in recent years it has attempted, with some

[24] Deputy Prime Minister Ali Reza Moayeri in Paris, May 21, 1986, (*FBIS: South Asia,* May 22, 1986).

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success, to avoid leaving its own fingerprints on such operations.

Finally, it is apparent that Iran's determined drive to become the superpower of the Persian Gulf hinges, at least in the short term, on two unpredictable variables: Khomeini's health and the outcome of the war with Iraq. Over the past 24 months, Khomeini has had to intervene personally on at least three occasions to keep the internal situation from getting out of control. There is no one else who can play the crucial role of arbiter. It is unlikely that Iran will immediately unravel or undergo a dramatic transformation upon Khomeini's death, but its internal politics will become more volatile, the rivalries more intense and the outcomes less predictable.

Khomeini and those around him have gambled everything on the war—the economy, the nation's influence in international affairs, the legitimacy of the leadership, possibly the fate of the revolution itself. Each of these factors rises and falls as Iran seems to be winning or losing. If Iran is ultimately forced to accept an outcome approximating the status quo ante, it will be more likely to turn inward and focus on its enormous internal problems. However, a decisive Iranian victory would be interpreted as a vindication of extremist goals, and the relative moderation of Iran's recent performance would become a thing of the past.

In that event, the shift in the center of gravity would be complete. The Middle East could become polarized between two hostile regional superpowers—Israel in the west and Iran in the east—with dangerous and unpredictable consequences. Israel and the United States did not seem to give that possibility much attention in the past few years. It is time they did.

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*Denis Healey*

# A LABOUR BRITAIN, NATO AND THE BOMB

Forty years ago a Labour government in Britain set about constructing an alliance which would bind North America and Western Europe together so as to form a lasting foundation for security and stability in the Atlantic area. The arguments which were compelling then are no less compelling now. But the military, political and economic factors which should determine the strategy of the alliance and Britain's contribution to that strategy have changed dramatically.

II

When the alliance was first set up in 1949 the United States practically had a monopoly of nuclear weapons. In 1955, ten years after Hiroshima, Russia still had only 20 nuclear bombs. By 1960 the Soviet Union had intercontinental missiles, submarine-launched ballistic missiles and 300 nuclear bombs. Although at that time the United States still had 20 times more nuclear weapons than the Soviet Union, Secretary of State Christian Herter said in public he could not conceive of the United States using its nuclear forces against the Soviet Union unless its own survival were directly at stake.

Today the combined nuclear arsenal of the two superpowers is over 50,000 weapons—the equivalent of well over one million Hiroshimas, and enough, according to some scientists, to make human life impossible in the northern hemisphere. Moreover, the Soviet Union now has rough equivalence with the United States at every level of nuclear warfare from the battlefield to the strategic.

In 1949 Western Europe was still dependent on economic

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aid from the United States for its recovery. Today Western Europe as a whole is the economic equal of the United States, while the United States, as the world's largest debtor, depends on inflows of capital from Western Europe and Japan to finance its internal and external deficits. Yet the United States continues to spend about twice as much of its national output on defense as do its European allies.

Important political changes have taken place both in the United States and the Soviet Union. As the southern and western states in the United States have grown in economic strength and political influence, the problems of Latin America and the Pacific Basin have come to compete with those of Europe for Washington's attention.

In Central America local opposition to the policies of the Reagan Administration, together with economic and political instability, may soon face Washington with difficult decisions. The vulnerability to world recession of the sovereign debtors further south risks an extension of that instability. The economic competition between the United States and Japan may have alarming political and even military consequences unless it is better handled on both sides than seems likely at present. Meanwhile America's principal remaining bases in the area are at risk from possible developments in the Philippines.

Under the leadership of General Secretary Mikhail Gorbachev the Soviet Union has embarked on the most far-reaching changes since the revolution of 1917. The new leadership's primary concern is dealing with the formidable economic, social and national problems created by the corrupt and incompetent bureaucracies left by Brezhnev. But it recognizes that it is unlikely to solve those problems unless it can make radical changes in Soviet relations with the outside world.

Defense preempts too large a share of Soviet resources, particularly in high technology, machine tools and skilled manpower, at a time when Gorbachev is determined to bring Soviet industry closer to Western levels of performance. The revolution of rising expectations is already creating a demand among skilled Soviet workers for Western types of consumer durables.

The cost of empire has proved very high for the Russians, who will soon form a minority in the Soviet Union. Not only the peoples of Eastern Europe, but also those of the Baltic, Ukrainian, Armenian and Georgian Republics, have higher living standards than those of the Russian Republic, except perhaps in Moscow and Leningrad. Yet while the United States

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pays 60 percent of the cost of NATO and provides 42 percent of its forces, the Soviet Union pays 80 percent of the cost of the Warsaw Pact and provides 75 percent of its manpower.

Most important of all, Gorbachev has formally renounced the doctrine of permanent struggle between the two camps, communist and capitalist, which has guided Soviet foreign policy since Lenin. He used the jargon of dialectical materialism to tell the Soviet Communist Party Congress last spring that there is "a growing tendency towards interdependence of the countries of the world community. This is precisely the way, through the struggle of opposites, through arduous effort and groping in the dark to some extent, that the controversial but interdependent and in many ways integral world is taking shape."

The Labour Party believes that such statements, added to the steps already taken by the Gorbachev leadership to introduce more market forces into the Soviet economy and to encourage greater openness in the media and the arts, constitute a fundamental change in Soviet policy to which the West must respond sympathetically. West German Foreign Minister Hans-Dietrich Genscher, fresh from his recent election triumph, made the same point with great eloquence at the World Economic Forum in Davos on February 1 this year. The Soviet leader's initiatives "could not be brushed off as propaganda," he said. "If there is a chance of reaching a turning point in East-West relations after 40 years of confrontation, it would be a mistake of historic proportions to let the chance slip."

Negotiations between the superpowers on nuclear disarmament are already under way, with a new agenda set in Reykjavik. But unless that agenda is enlarged to include a freeze on new systems, fortified by a comprehensive test ban treaty, even success at Geneva will not stop the arms race or save either side much money. The main area where savings could be achieved, and which will be much more important if some progress is made on nuclear disarmament, is the conventional forces currently maintained by the two alliances against the possibility of war in Europe.

The forthcoming negotiations between NATO and the Warsaw Pact on cutting conventional forces in the area between the Atlantic and the Urals provide a new forum. America's European allies have here a direct role to play. Mr. Genscher in his Davos speech set the objective: "conventional stability in

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Europe . . . a situation in which both sides are capable only of defensive operations and cannot take up the offensive." Secretary Gorbachev endorsed this objective in Moscow on February 16, 1987: "To exclude the possibility of a surprise attack . . . . military doctrines must be of a purely defensive nature." In this context NATO will have to look again at the strategic concept through which it aims to maintain the security of Western Europe.

III

Unfortunately, despite all the enormous changes in the military, economic and political environment, the Atlantic alliance has made no serious attempt to reconsider its strategy for 20 years. Its last attempt, which ended with the adoption of the strategy of flexible response in 1967, failed genuinely to reconcile the differing views of Washington, Bonn and London, though it led to France leaving NATO and expelling all NATO forces from its territory. As a result of the divergent interpretations given to flexible response by the governments concerned, very little progress has been made over two decades in making military sense of it.

The negotiations over flexible response in the 1960s have much to teach us today, when the unreconciled contradictions in NATO strategy are likely to cause strains which could fatally rupture the alliance unless they are handled more successfully this time. As Britain's defence secretary from 1964 to 1970, I was deeply involved in the decisive stages of the argument.[1]

The story began when the second Berlin crisis convinced the newly installed President Kennedy, who had always opposed the doctrine of massive retaliation, that he must find some alternative between "humiliation and holocaust." The report of the Acheson Committee, in which Paul Nitze and Albert Wohlstetter took part, recommended in March 1961 a substantial improvement in NATO's conventional capability, sufficient to stop anything but an all-out invasion, and central control by the United States of all allied nuclear forces, including those of Britain and France. Indeed, it claimed, "over the long run, it would be desirable if the British decided to phase out of the nuclear deterrent business. If the development of Skybolt [missiles] is not warranted for U.S. purposes alone, the United

[1] For a penetrating analysis of the last negotiations see *The Origins of Flexible Response*, by Jane Stromseth, London: Macmillan, 1987.

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States should not prolong the life of the [British] V-bomber force by this or other means."

When the Berlin Wall went up in August 1961 none of the allies wanted even to threaten the use of nuclear weapons. But Kennedy sent 1,500 American troops up the corridor to West Berlin, and Khrushchev backed away. From this moment Kennedy's major purpose inside the alliance was to shift NATO strategy away from early use of nuclear weapons toward a non-nuclear defense, although Robert McNamara as his secretary of defense never disclosed to the allies that his ultimate objective was to avoid first use of nuclear weapons in any circumstances.

The Kennedy Administration's confidence in a non-nuclear strategy for NATO was fortified by the conclusion of its civilian advisers that the conventional disparity between NATO and the Warsaw Pact was far less than the alliance assumed, because neither the Soviet Union's defense spending nor its military manpower could support anything like the 175 divisions then attributed to it. As Paul Nitze stated in March 1963:

> We are much more powerful and they much less overwhelming than generally realized. . . . If NATO can meet its presently prescribed NATO goals in both quantity and quality—including well-trained, ready reserve—the Atlantic forces should be able to put up a stout, extended non-nuclear fight along the frontier.

Unfortunately the force of such arguments was weakened not only by contradictory advice from some in the American military, but also by inconsistent policies pursued simultaneously by the Administration itself—the near tripling of American tactical nuclear weapons in Europe, the Nassau agreement to provide Britain with the Polaris submarine, the abortive attempt at artificial nuclear dissemination through the Multilateral Force, and later the withdrawal of American conventional forces from Germany to fight in Vietnam.

In any case, the West Germans thought a conventional war on their territory would be as unacceptable as a nuclear war, while nuclear weapons provided a better deterrent. De Gaulle rejected the concept of extended deterrence since he thought nuclear weapons had made all alliances impossible. He lost patience, left the NATO military organizations altogether and expelled all NATO forces from France, with very damaging operational, logistic and economic consequences for the alli-

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ance. Britain finally helped to produce a compromise between Washington and Bonn which, far from relieving America of its commitment to nuclear retaliation on behalf of its allies as Washington originally hoped, sought to make such retaliation more credible by envisaging a series of discrete steps on a ladder of nuclear escalation starting with the demonstrative explosion of a single weapon in Europe and finishing with an all-out strategic nuclear exchange.

Flexible response as thus finally adopted in 1967 made more sense than the tripwire strategy of massive retaliation with which the alliance entered the 1960s. But in the subsequent 20 years NATO has not succeeded in agreeing what should be the second step in nuclear escalation after initial use. Germany is unwilling to maximize the conventional capability of existing forces by allowing NATO to exploit its defensive assets in the forward areas through man-made barriers or to modify in any way the so-called forward strategy, which rejects defense in depth. Yet few of those concerned still believe that in practice it would be possible to control a nuclear war once it had started at any level, particularly since the electromagnetic pulses emitted by the first explosions might black out the battlefield, making command and control impossible. So, since any nuclear fighting might rapidly escalate to a general strategic nuclear exchange, Washington's readiness to authorize first use in time remains as uncertain as ever.

Meanwhile Europe has been told by the two most respected Americans to have served as secretary of state and secretary of defense, Henry Kissinger and McNamara, that it cannot rely on America's nuclear guarantee. Moreover, the Reagan Administration's proposals at Reykjavik and its Strategic Defense Initiative suggest to many Europeans that America is now primarily concerned with establishing a continental sanctuary across the Atlantic, whatever the implications for the security of Europe. The nightmares which NATO sought to exorcise in the 1960s are back again, more frightening than ever.

## IV

The time has come to seek again a consensus on strategy in NATO that will meet three conditions. First, it must not impose unacceptable nuclear responsibilities on the United States. Second, it must be compatible with the success of current nuclear disarmament talks between the United States and the U.S.S.R., and with the forthcoming talks between the two

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alliances on conventional disarmament in Europe. Third, it must give Western Europe a security which does not depend on assumptions which command no confidence among the experts and which people will not support. In 1981 an opinion poll in West Germany, Britain, France and Italy showed overwhelming majorities either opposing the use of nuclear weapons under any circumstances or approving their use only against a nuclear attack. The small minorities supporting the use of nuclear weapons against a conventional Soviet attack that threatened to overwhelm NATO ranged from only 12 to 19 percent. Now that Chernobyl has brought home to ordinary men and women what a single nuclear explosion might mean, I suspect that the minorities in favor of current NATO strategy would be smaller still, as indicated by a recent poll in the same countries.

The trend toward the non-nuclear defense of Western Europe is now well established. In his wide-ranging survey of the Reagan Administration's strategic thinking on October 9, 1985, Secretary of Defense Caspar Weinberger said: "The world has changed so profoundly since the 1950s and 1960s when most of our strategic ideas were formulated that many of these concepts are now obsolete." He appeared specifically to reject the current NATO strategy of flexible response with the words: "Our position on the uses of military power represents rejection of received wisdom about limited war and gradual escalation."

President Reagan himself set the theme in his seminal speech proposing the Strategic Defense Initiative in March 1983 when he said that peace could not rest much longer on the threat of mutual suicide.

Secretary of State George Shultz, in his exposition on November 17, 1986, of America's objectives in the disarmament talks after Reykjavik, pointed out that "the establishment of a stable conventional balance" would be "a necessary corollary for any less-nuclear world" and that the allies must now join in "a more systematic consideration" of how to establish stronger conventional defenses.

The British Labour Party agrees with all these statements, which have added urgency now that Mr. Gorbachev is prepared to agree on the withdrawal of all intermediate-range nuclear missiles from Europe and to discuss the removal of all theater nuclear missiles. We do not complain that the statements were all uttered in the context of major shifts in American policy on

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issues of vital concern to the alliance as a whole, which were made unilaterally by Washington, without even consulting the NATO allies. But we are mildly perplexed to find ourselves accused of seeking to destroy the alliance by unilateral action, when we simply repeat those statements and seek to contribute to that more systematic consideration of the problem to which Mr. Shultz invited us.

In fact NATO itself has already taken some steps in the right direction by removing from Europe the Atomic Demolition Munitions for which no use has ever been agreed upon by the NATO Nuclear Planning Group, and by reducing the number of tactical nuclear weapons in Germany. There is now a growing consensus against the early use of nuclear weapons, and widespread support for unilaterally removing all battlefield nuclear weapons from the forward areas, where they pose a "use them or lose them" dilemma. I find it odd, however, that many of those who support the unilateral removal of such weapons by NATO oppose the concept of a nuclear-free corridor on both sides of the frontier, which would mean much greater losses of nuclear capability by the Soviet Union than by NATO.

The ultimate question is whether it would make sense for NATO to move from planning on "no early use" of nuclear weapons to "no first use"—as recommended by my erstwhile colleagues in the Kennedy Administration, notably Robert McNamara. Since there is little prospect of NATO as a whole making significant increases in its military spending, the answer must depend on an assessment of the conventional balance in Europe at present, and on whether better use can be made of existing defense budgets to improve NATO's conventional strength.

It is possible to make a better estimate of the conventional balance now than in the early 1960s. In 1971 the Pentagon introduced the concept of Armored Division Equivalents (ADEs), which weighs the mobility, survivability and firepower of every weapon in every division on NATO's central front. According to the U.S. Congressional Budget Office the ratio of ADEs is only 1.2 to 1 in favor of the Warsaw Pact. The ratio for soldiers is the same. In aircraft, although the Warsaw Pact has a 2-to-1 superiority in numbers, the advantage is reversed in terms of payload. In 1981 a Carnegie Endowment panel in Washington estimated the NATO advantage as 3 to 1 at a range of 100 miles and 7 to 1 at 200 miles; later studies have endorsed or strengthened these estimates.

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In 1983 the Brookings Institution published a study of the speeds and rates of mobilization of the opposing forces. It suggested that the advantage of the Warsaw Pact would not rise above 1.2 to 1 for a two- or three-front attack, and would be under 2 to 1 even for an augmented six-front attack drawing on divisions from as far away as the Central Asian military districts. Ambassador Jonathan Dean, with eight years' experience in the NATO-Warsaw Pact talks on mutual force reductions in Vienna, espouses similar views in his new book on dismantling the East-West military confrontation, *Watershed in Europe*.

With all due allowances made for the uncertainties inherent in such estimates, it is difficult to believe that the Soviet superiority is sufficient to tempt the Kremlin into a deliberate attack on Western Europe, when the normal estimate for the superiority required by the aggressor is at least 3 to 1. Moreover NATO troops have better training and backup, and their loyalty under attack is likely to be much more reliable than that of at least the Polish contingents in the Warsaw Pact armies. Indeed General Bernard Rogers himself, as supreme allied commander, has dismissed the idea of an attack out of the blue; and Sir Michael Howard goes as far as to tell us that "few historians now believe that Stalin ever intended to advance his frontier beyond the territories occupied by his forces in 1945."

The self-confidence of the allied forces in Germany confirms the theoretical calculations, as many correspondents who have observed recent exercises will testify, notably James Meacham in a major report for the London *Economist* in August 1986. He concluded:

> NATO's armies and air forces would have some chance of defeating a sudden surprise attack completely and could almost certainly last for more than a few days against an attack by partially mobilised forces (which would give NATO more warning time). The chances of holding indefinitely without using nuclear weapons are impossible to calculate, but it is a fair guess that if NATO's conventional forces could hold out for two weeks they could hold out for ever.

NATO could substantially improve its conventional defense still further at low cost by preparing artificial barriers in appropriate terrain, by improving the training and equipment of its reserves, by ensuring the interoperability of equipment between national forces and by correcting maldeployments which arose from postwar historical accident.

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The cheapest improvement in NATO's conventional defense, however, could be achieved by renouncing the nuclear capability of aircraft, missiles and guns which are currently denied a conventional role only because they are reserved for that nuclear war which, as President Reagan said, "cannot be won and must never be fought." Indeed, the soldiers who have had to face the prospect would go further than the President, adding the words of Britain's greatest postwar defense chief, Earl Mountbatten of Burma: "Wars cannot be fought with nuclear weapons. Their existence only adds to our perils because of the illusions which they have generated."

Three years ago one senior NATO general estimated that the equivalent of an entire division of troops was tied down guarding, maintaining and transporting nuclear weapons in Western Europe. They would be far more useful reinforcing NATO's conventional combat forces. During the 1960s, Secretary McNamara and I tried in vain to convince our NATO colleagues to minimize the number of dual-capable forces that are reserved for nuclear tasks. Today, all the air forces on the central front except those of Canada and Luxembourg have nuclear bombs which are targeted by a NATO master plan. So have the American F-111 aircraft in Britain. They would be far more useful if their role were unambiguously conventional. The same is true for NATO's dual-capable missiles, including cruise missiles. And it is difficult to conceive of firing 12-kiloton nuclear charges from the 203-millimeter guns, which have a range of only 15 miles, without putting NATO's own forces at risk. That is one of the reasons why Field Marshal Lord Carver concluded:

> At the theatre or tactical level any nuclear exchange, however limited it might be, is bound to leave NATO worse off in comparison with the Warsaw Pact, in terms of military and civilian casualties and destruction. . . . To initiate use of nuclear weapons . . . seems to me to be criminally irresponsible.[2]

The main objective of a Labour government in NATO would be to persuade its allies to cooperate in building an effective conventional deterrent in Europe, as American leaders of both parties, from Secretaries Shultz and Weinberger to Senator Sam Nunn (D-Ga.) and Mr. McNamara, have asked. Yet we recognize that we cannot change NATO strategy unilaterally

[2] *The Sunday Times* (London), Feb. 21, 1982.

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and that NATO strategy must be indivisible. So we shall continue to cooperate in the existing strategy until we succeed in changing it, as the Kennedy Administration did in the 1960s.

V

There are steps, however, which Britain can take itself to make a conventional deterrent more feasible. Indeed we believe some steps must be taken soon if Britain is to continue making even its existing contribution to NATO's conventional strength and without which we may find it difficult to persuade our allies that we have the courage of our convictions.

The most important of these steps are to cancel the Trident program and to decommission the Polaris fleet. The present Conservative government has unilaterally decided to cut defense spending by seven percent in real terms over the next three years. The Labour Party does not oppose this decision, which is imposed by economic pressures, like the unilateral cuts in U.S. defense spending which have been made by the Congress. The British government's plans require a total cut of 12.7 percent in spending on new equipment over the six years ending in 1989–90. But since spending on the Trident program will more than double between now and 1989–90, spending on other new equipment will have to fall by 25 percent unless Trident is canceled this year.

The government refuses to give details of where it plans to cut spending on new equipment, but press leaks suggest that all three services will suffer severe damage to their conventional capability. The Labour Party has committed itself to spending the money saved by dropping Trident on Britain's conventional forces; the decommissioning of Polaris would add further savings of two to three percent a year. After the inevitable cancellation costs we estimate the savings from Trident alone at up to $5 billion—sufficient to buy and to run for 20 years 1,400 new Challenger tanks, increasing NATO's total tank strength in Central Europe by 15 percent, or 30 new Type-23 frigates, increasing NATO's maritime strength in the Atlantic and the English Channel by about 20 percent, or ten new squadrons of Tornado aircraft, making the RAF by far the biggest air force in NATO Europe. These of course are illustrative figures. A Labour government would decide how best to increase Britain's conventional forces with the money saved in the light of the situation it inherited and the views of our allies.

There is already a powerful body of opinion in all three

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services which would also favor Britain relinquishing its nuclear role in order to increase its conventional defenses. Moreover, the Reykjavik summit has raised fears even inside the government that the United States might in the end not provide the D-5 missiles needed for Trident—fears which Prime Minister Margaret Thatcher's meeting with President Reagan failed to dispel. Indeed if the United States achieved Mr. Reagan's declared aim of banning all ballistic missiles within ten years it would be physically unable to fulfill its original undertaking. The shades of Skybolt loom again.

The British government continues to claim, in my view rightly, that if Britain wants to remain a nuclear power it is Trident or nothing. The British Liberals and Social Democrats have talked vaguely of an Anglo-French deterrent. But President François Mitterrand insists that the French deterrent is "*impartageable.*" Even if he would sell Britain submarine missiles, they would cost more than the D-5 and take much longer to bring into service. Moreover any nuclear partnership between Britain and France would tend to destabilize the alliance by tempting some in Washington to decouple the American deterrent and by raising insoluble problems about the role of West Germany. The other alternative is the cruise missile. But since each missile carries only one warhead, such a force would require a much larger fleet of submarines, which the Royal Navy would have difficulty manning. It would cost at least as much as the Trident and would be vulnerable in flight to the Soviet look-down shoot-down radar.

Although the Labour Party believes that it is no longer wise or credible to rely on the threat of nuclear retaliation against a conventional attack, it recognizes that the United States will maintain a powerful strategic nuclear force to deter nuclear attack by the Soviet Union, and that the overwhelming majority of Europeans regards the so-called American nuclear umbrella as essential for deterring a Soviet nuclear attack on Western Europe—or at least for removing the threat of nuclear blackmail. Some may argue that after Chernobyl the risk of nuclear fallout would deter the Soviet Union from a nuclear attack on territory so close to western Russia, and, as Professor Eugene V. Rostow has pointed out: "After all, the Soviet leadership does not want to inherit the great Western centers of economic power as smoking ruins, contaminated by radiation and poison gases." Others may argue that since Hiroshima the nuclear powers have never attempted nuclear blackmail except against

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each other—as Khrushchev did in 1956 against Britain and France, when they had a nuclear capability comparable to the Soviet Union's. Belief in the need for the American nuclear umbrella remains as strong in Britain as on the Continent.

The Labour Party does not believe, however, that the United States needs to keep nuclear weapons in known and vulnerable British bases for this purpose. The U.S. Navy has already stated that once the Poseidon submarines are withdrawn from service their successors, whose missiles have more than twice the range, will be based in the United States where they are much less vulnerable and easier to maintain. Poseidon would have to be withdrawn by 1990 if the United States decided to abide by SALT II. The American F-111 aircraft in Britain would make a most powerful addition to NATO's conventional airpower if, as I have already argued, they were withdrawn from their nuclear role. The nuclear cruise missiles in Britain, as Assistant Secretary of Defense Richard Perle has stated, are of negligible military value. The only other American nuclear weapons in Britain are a number of nuclear depth charges, whose value in war is rejected by senior American experts, including former Secretary of Defense Harold Brown.

A Labour government would open discussion with the United States on the withdrawal of all American nuclear weapons from Britain. These discussions would have no time limit, though we would expect to conclude them well within our first term. Theatrical warnings have been given that even to raise the matter would mean the end of NATO and the withdrawal of American troops from Europe. No Labour government would allow itself to risk the disintegration of the alliance. We recognize that all our allies have a legitimate interest in the problem; we would not follow the precedent of some of our allies, including the United States, of embarking on a major change of defense policy without consulting or even informing them.

Moreover, we have made it clear that we would continue to allow the United States to operate all its existing intelligence and communications facilities, including Fylingdales, which is vital for America's early warning system, both in Britain and in British-controlled territories overseas. We shall continue to welcome nuclear-armed U.S. naval vessels in our ports.

We are, of course, aware of arguments in the United States to reduce American forces in Europe. I well recall the resolutions sponsored by former Senator Mike Mansfield 20 years

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ago. We would not wish to strengthen such arguments, particularly since American forces make an essential contribution to NATO's conventional defense. Indeed, we believe that insofar as the arguments draw strength from the failure of Western Europe to take conventional defense more seriously, our policies will weaken rather than strengthen them.

In any case, we believe that the United States will wish to maintain its forces in Europe for all the reasons set out so compellingly by Secretary Weinberger in his speech on January 22, 1987. He pointed out that those troops are in Europe because their presence is necessary for America's own security, and that the other members of the alliance maintain 3.5 million personnel on active duty compared with a little over two million for the United States. Moreover he showed that every financial argument favors American forces staying in Europe—not pulling out. It would take eight to nine years before the withdrawal of 100,000 personnel generated any net savings; the cost of relocating them and then sending them back in a crisis would be $20 to $25 billion if the bulk of the equipment were prepositioned, and about $100 billion if not.

I do not deny that some of the exaggerated reactions to what is believed to be Labour's defense policy have been provoked by some rhetorical moralizing on the issue by individuals in Britain who carry no responsibility for what it is in fact. But I believe that we have the right to ask our friends in the United States and Western Europe to look at our proposals on their pragmatic merits as a contribution toward meeting dilemmas which the alliance knows to exist. In seeking the withdrawal of American nuclear weapons from Britain we shall not act unilaterally, as de Gaulle did when he expelled the NATO forces from France in 1966, or as Prime Minister Pierre Elliott Trudeau did when he expelled America's nuclear weapons from Canada in the 1970s. In our discussions with our allies we shall weigh all the considerations they put to us with a full sense of the responsibility we know we carry for the unity and strength of the organization which is the foundation of our security. But we shall not enter those discussions as the only member of the alliance unilaterally to renounce its right, after fully considering everything that is said, to take its own decision in light of all the facts and arguments put to us. Nor would anyone who knows our nation's history expect us to do so.

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*Dante B. Fascell*

# CONGRESS AND ARMS CONTROL

The executive and legislative branches of the United States government have arrived at a historic crossroads: more than at any time since the advent of nuclear weapons, the future of arms control will depend to a large extent on whether the President and Congress can reach consensus on the requirements of national security. Neither can go it alone.

Unfortunately the legacy of 1986, when congressional initiatives on arms control were condemned by the Administration, hangs thickly in the halls of Capitol Hill. Following the summit at Reykjavik, members of Congress watched with concern as President Reagan faced his last chance to achieve meaningful agreements with the Soviet Union. There simply is not much time left for the Reagan Administration to create and implement a bipartisan arms control policy which commands the respect of the American people as well as that of the Kremlin. Yet the opportunity for such a policy exists: in February General Secretary Mikhail Gorbachev offered to delink the issue of European-based intermediate nuclear forces (INF) from a space and strategic agreement, and the President wisely moved to submit a draft INF treaty at the Geneva negotiations.

The task of forging a common policy will be made no easier by those who continue to believe that Congress has no role in the fateful business of arms control. Every year Congress is confronted, even by some of its own members, with the argument that the president requires total flexibility to negotiate with the Soviets and to gain agreements compatible with U.S. national security. The argument typically stresses that the Constitution empowers the president, and only the president, to conduct the nation's foreign affairs and, hence, to administer the arms control agenda. An interventionist Congress is criticized as stripping the president of his negotiating leverage and endangering the national security if it mandates restrictions on

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the administration's weapons procurement programs, or if it calls for negotiations on specific issues, such as nuclear testing. In short, Congress runs the risk of being accused of waging an unconstitutional grab for power.

Protecting the separation of powers while at the same time building a bipartisan consensus on arms control is no mean feat. But both objectives were realized in the 1960s and 1970s. In fact, it has been only during the last seven years, beginning with the withdrawal of the second Strategic Arms Limitation Talks (SALT II) Treaty from Senate consideration in early 1980, that the consensus forged between the executive and legislative branches and between Republicans and Democrats has unraveled. Traditional congressional support of and collaboration with the executive branch on arms control initiatives was a meeting of the minds, not an admission that the president's arms control agenda was his constitutional prerogative, or that Congress had no business asking tough questions, challenging funding requests for weapons programs, and mandating the strictest requirements of compliance with treaty law. In 1981, when the Reagan Administration entered office, disdainful of past arms control efforts, and launched an ideological attack against the "evil empire," the stage was set for a dangerous breakdown in a consensus that for some 25 years had been the guardian of a democratic commitment to American security and to world peace.

The argument, then, that Congress must defer to the president on all arms control issues must be rejected. Especially in light of the spectacle at the Reykjavik summit, where the President's astonishing perception of national security diverged widely from congressional mandates, the 100th Congress would be evading its constitutional responsibility if it were to leave the security of the country strictly in the hands of the executive branch. The modernization of America's intercontinental ballistic missile force, the funding for and direction of the Strategic Defense Initiative (SDI), the testing of antisatellite weapons, the numerical limits on U.S. strategic weapons, the testing of nuclear warheads and the production of chemical weapons—all are the business of Congress to debate, modify and approve or disapprove. And, finally, the compliance of the United States and the Soviet Union with treaty obligations is also the business of Congress.

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II

The president's responsibility to conduct the nation's foreign policy and to make treaties has never been one devoid of checks and balances, or one executed in a vacuum. Congress may encourage, though not dictate, the commencement of negotiations with foreign powers. Congress determines the amount of resources that the U.S. government is prepared to dedicate to the building and limiting of nuclear arms. That determination inevitably influences the negotiating process. One need only review the last 20 years to recognize the critical role Congress has played in the development of weapons systems which are at the heart of the U.S.-Soviet nuclear arms negotiations. For example, congressional votes have been decisive in determining the fate of the Safeguard antiballistic missile system, multiple independently targetable reentry vehicles (MIRVs), the B-1 bomber, the cruise missile, the MX missile, the Midgetman missile, binary chemical weapons and SDI.[1] Congress also passes final judgment on arms control agreements. Whether an agreement is submitted as a treaty, requiring the approval of two thirds of the Senate, or as a congressional-executive agreement, requiring the approval of the majority in both the Senate and the House, the fact remains that there is a critical legislative role that must be honored in the making of arms control agreements.[2]

The executive branch, of course, asserts that Congress should not interfere with presidential decisions on arms control issues. Citing constitutional injunctions that the president shall conduct foreign policy, make treaties and serve as commander in chief of the armed forces, some conclude that the only business of Congress is to approve presidential edicts on the arms control agenda. Under this approach, the 99th Congress was expected simply to sanction the Administration's abandonment of the numerical sub-limits set by the SALT II treaty, its unilateral revision of the interpretation of the Anti-Ballistic Missile (ABM) Treaty of 1972, its determination to build the flawed Bigeye chemical bomb, its continuance of nuclear weapons testing and its ambitious plans to deploy SDI.

[1] See *Fundamentals of Nuclear Arms Control*, report prepared for the Subcommittee on Arms Control, International Security and Science, Committee on Foreign Affairs, House of Representatives, by the Congressional Research Service, Library of Congress, December 1986, pp. 397–404.

[2] *Ibid.*, pp. 387–396.

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Clearly, this "King George" approach is not what the Founding Fathers envisaged; nor is it embodied in the Constitution. The Supreme Court has long held that certain provisions of the Constitution confer broad power on Congress to prescribe the limits of military procurement and to impose appropriate conditions on defense policy. Article I of the Constitution empowers Congress to acquire or to limit arms for the nation. No arms, including strategic arms, can be purchased, tested, serviced, maintained, manned or otherwise paid for except pursuant to legislation. Congress has the constitutional responsibility to "provide for the common Defense and general Welfare of the United States," to "raise and support Armies," to "provide and maintain a Navy" and to "make rules for the government and regulation of the land and naval forces." Justice Robert H. Jackson declared in *Youngstown Co.* v. *Sawyer* (1952) that the Article I powers give Congress "primary responsibility for supplying the armed forces." "Congress alone," he wrote, "controls the raising of revenues and their appropriation and may determine in what manner and by what means they shall be spent for military and naval procurement." The annual defense authorization and appropriations bills are ample evidence of congressional performance of these constitutional duties.

In my view, during 1986 Congress faced up to its constitutional responsibility. Several arms control initiatives were passed by the House of Representatives in August 1986, and each of these provisions which eventually emerged from the conference talks with the Senate in October conformed to a fundamental principle in the arms control process. Those initiatives and principles will assume an even larger role in the 100th Congress.

## III

The principles which typically have guided Congress in considering arms control issues are four in number. First, any proposed international agreement or proposed weapons system must enhance the national security of the United States. Administration views on what constitutes the "national security" carry much influence on Capitol Hill, but because no administration is infallible its decisions do not, and should not, go unquestioned. Every member of Congress will want to examine any bilateral accord with the Soviet Union on its merits; few would blindly accept or reject an agreement. Nor are many

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members mesmerized by the sense of security so often promised with each new weapons program, e.g., increased numbers of missile warheads or exotic technologies such as SDI.

In the name of national security, administrations, particularly the current one, have been known to take extraordinary liberty with democratic processes to implement whatever policies they deem to be in the best interest of the nation. But what is argued as being in the national interest cannot be accepted at face value, especially in light of recent revelations of the private agenda of rogue masterminds of intrigue sitting in the White House basement. Indeed, although far removed from the nuclear arms talks, the covert sale of military arms to Iran and the apparent illegal diversion of funds from those sales are the latest evidence of the means by which the executive branch is capable of promoting an arrogant, ill-conceived notion of national security. It was precisely to avoid this kind of abuse of power that checks and balances were written into the Constitution.

In the field of arms control, nothing better exemplified the dilemma which often confronts Congress than the Reagan-Gorbachev talks at Reykjavik (October 11–12, 1986). These discussions almost achieved significant reductions in nuclear strategic systems, only to be squandered with surreal visions of a disarmed world.[3] President Reagan's surprising proposal to eliminate all American and Soviet strategic ballistic missiles within ten years was apparently based on, among other presumptions, the argument that the United States then would be adequately defended by space-based strategic defenses. In my view this approach unwittingly endangers the national security of the United States. It is inconceivable that the United States could adopt as a policy objective the elimination of America's entire ballistic missile arsenal based almost entirely on the unproven hypothesis that SDI will be cost-effective, will function effectively and will be deployable within the next ten years. As former Secretary of Defense Robert S. McNamara told the House Subcommittee on Arms Control, International Security and Science in January, "Until there are inventions that have not yet been imagined, a defense robust and cheap enough to replace deterrence will remain a pipe dream." This is only one

[3] See *The Reykjavik Talks: Promise or Peril*, report of the Subcommittee on Arms Control, International Security and Science to the Committee on Foreign Affairs, House of Representatives, January 1987.

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example of why Congress has no choice but to try to hold the Administration accountable to one standard of national security.

The second principle which guides congressional examination of arms control issues is the historic mandate of arms control itself—to prevent an uncontrolled nuclear arms race. Congress has never taken the position that production of certain new weapons systems is inherently undesirable or that modernization is not in many instances essential. But it is determined that an arms buildup that achieves no stabilizing purpose be avoided. An administration must prove its case each time it seeks budget authorizations from Congress. This is what the Constitution wisely requires.

For six years Congress has supported the Administration's modernization and buildup of American nuclear and conventional forces. The United States has insisted on strategic parity, even when this quest for parity has required a buildup to match Soviet efforts. Congress, however, has consistently conditioned its restrictions on the Administration's more ambitious and questionable arms building programs with the requirement that such programs remain within defined limits of testing and production as agreed with the Soviet Union. If Moscow violates those standards of compliance, then Congress has seen to it that the executive may follow suit. But efforts to achieve overall superiority over the Soviets in nuclear weaponry have been opposed by a bipartisan congressional majority. Through the power of the purse, Congress is constitutionally empowered to limit or encourage the research, development, testing and production of nuclear arms. It will continue to use that power, in particular whenever the executive seeks to convert "modernization" into "superiority."

The third principle of arms control—mutual deterrence—has been challenged by the President's vision of a space-based strategic defense, one which would be "shared" with the Soviet Union. It is sometimes forgotten that we have been at this juncture before. The Nixon Administration determined in the early 1970s that it would not attempt to shield the United States with a land-based, antiballistic missile defense system. The rationale, first advanced by Secretary McNamara, was that an endless competition would erupt between ABM defensive systems and new and proliferating offensive weapons developed to outsmart and overwhelm such defenses. What the ABM systems promised—strategic defenses—would spawn the very

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threat—offensive weapons—which ABM systems were designed to make obsolete. Thus the United States and the Soviet Union in 1972 agreed to persist with the unsettling but rational policy of mutual deterrence, which promised to dissuade either side from launching a nuclear attack by maintaining a threat of mutual annihilation. It is this strategy which first encouraged each side to place limits on the buildup of their respective nuclear arsenals and, during the Carter and Reagan Administrations, to propose radical reductions in both the number of launchers and the number of warheads.

This rejection of a shift to a defensive strategy was, and remains, embodied in the 1972 Anti-Ballistic Missile Treaty between the United States and the Soviet Union. The Reagan Administration has proposed to reverse this course by articulating a new interpretation of the ABM treaty which opens the door to testing in outer space, and thus to SDI. Congress has neither abandoned the treaty obligations of the United States nor thrown overboard the doctrine of mutual deterrence. Congress has a duty to insist that the case for a major shift in strategic nuclear strategy be convincingly made by the Administration and that it obtain bipartisan support (neither of which has occurred).

That support will not be forthcoming if the Administration continues to insist on its reinterpretation of the ABM treaty as a vehicle by which to dismantle the doctrine of mutual deterrence. The Administration's tactics in this respect encroach on the Senate's constitutional responsibility to approve only one text of a treaty as the law of the land. The executive branch has no constitutional power to unilaterally reinterpret treaties.

Congress also would have to be convinced that such a fundamental reversal of the nuclear equation will not be implemented under circumstances which would allow the Soviets to overwhelm America's defenses. Interestingly enough, Secretary of Defense Caspar Weinberger expressed this very concern to President Reagan in a letter dated November 13, 1985: "Even a probable [Soviet] territorial defense would require us to increase the number of our offensive forces and their ability to penetrate Soviet defenses to assure that our operational plans could be executed."

Finally, the fourth principle which influences congressional thinking about arms control concerns the technological reliability of weapons systems. It would be quixotic to approve funding for production of weapons systems which are unproven

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or are likely to be defective or to be based in a manner that invites their own destruction. When the Department of Defense persists in seeking funding for weapons systems which do not meet commonsense criteria for technological reliability, then it is incumbent upon Congress to scrutinize and sometimes to restrict or otherwise regulate the development of such weapons. Not only is that Congress' constitutional duty, it makes for a more reliable national defense. This is amply demonstrated in the binary chemical weapons production program, the wisdom of which Congress has not finally accepted, and which it therefore has not fully approved. Congress is determined to avoid boondoggles like the Divisional Air Defense gun (DIVAD), an antiaircraft weapon system which, after expenditure of $1 billion on actual deployments, never worked properly.

IV

"The House defense bill is a reckless assault upon the national defense of the United States." President Reagan leveled this charge on August 15, 1986, shortly after the House approved five "arms control" amendments to the Defense Department authorization bill for fiscal year 1987. The Administration's rhetoric sought to portray these amendments as dangerous impairments to the national defense, but I believe they reflected genuine congressional concern about national security, the avoidance of an arms race, the doctrine of mutual deterrence and the technological reliability of the country's weapons systems.

The first of these amendments prohibited funds for conducting nuclear tests above a very low level—one kiloton—unless the president certified to Congress that the Soviet Union had tested above one kiloton, tested outside any designated area, or rejected reciprocal in-country monitoring arrangements. This was the first congressional effort to require the cessation of nuclear weapons testing. Previous measures had been nonbinding legislation calling on the Administration to negotiate a ban on nuclear tests. Although the Senate did not adopt the House amendment in August, the issue had been placed squarely before the Administration and would become a key component of the conference bill which emerged in October.

This nuclear testing amendment reflected frustration over the Administration's apparent indifference to negotiating any

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further restrictions on nuclear weapons testing. Before 1981, every president since Eisenhower advocated and worked toward an end to the escalation of the arms race through a mutual, verifiable and comprehensive test ban. What President Reagan's predecessors recognized was a simple truth—that the arms race depends for its lifeblood upon the testing of more sophisticated nuclear weaponry. A mutual agreement to halt such testing could assist in preventing the introduction of new, destabilizing weapons. As long as the Soviets are not leapfrogging the United States with technologically superior nuclear weapons, only zealots in quest of an unattainable strategic superiority see any point in creating dazzling new weapons of mass destruction.

On this issue, the Reagan Administration stood logic on its head and sent out confusing signals. First, the Administration argued that a mutual test ban was unverifiable. When it became clear that nuclear weapons testing could, in fact, be monitored, the Administration's rationale quickly shifted. It claimed that testing was needed to ensure the safety and reliability of America's existing nuclear warheads. As Congressman Richard Gephardt (D-Mo.) noted during the debate on the amendment, "This is a hollow excuse, for the vast majority of reliability checks are mechanical and we have never conducted more than one or two explosive tests a year." In the end the Administration frankly admitted its real rationale: that the United States must test in order to "modernize" its nuclear weapons arsenal.

The nuclear testing amendment was a logical extension of House Joint Resolution 3, which passed both houses of Congress in 1986 and was incorporated in the 1987 defense authorization bill. This legislation urged Mr. Reagan to request the ratification of two nuclear testing limitation treaties that had been signed in the 1970s, but which were never submitted for ratification, and urged the President to propose to the Soviet Union the resumption of negotiations on a comprehensive test ban treaty. Since the Soviets were, at the time, observing a unilateral moratorium on nuclear weapons testing, the nuclear testing amendment passed by the House was an attempt to call the Soviets' bluff and test the Administration's resolve to enter into serious negotiations.

If the Administration had been serious about seeking a test ban, then its opposition to the nuclear testing amendment defies explanation. The amendment provided numerous safeguards for the United States. First, it permitted testing if the

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Soviets violated the testing ban with an explosion above one kiloton. This provision would encourage continuance of the Soviet moratorium on testing, an objective that is manifestly in the interest of national security. Second, the amendment assisted verification efforts by requiring that tests occur only within designated areas of Soviet or U.S. territory. If any Soviet tests occurred outside the designated areas of the Soviet Union, then the Administration would be free to resume testing. Third, as a further assist to verification, the amendment required that the Soviet Union accept and implement reciprocal in-country monitoring arrangements for 1987. If the Soviets refused, then the Administration again could ignore the amendment and resume testing.

Following House passage of the nuclear testing amendment in August, the prospects for Senate adoption of identical language during the hard-fought conference deliberations were diminished when Mr. Reagan suddenly announced that he would travel to Reykjavik for talks with Soviet General Secretary Mikhail Gorbachev. Considering his opposition to all of the arms control amendments, President Reagan pulled off a political coup. After taunting Democratic members of Congress with the prospect of being perceived as the spoilers of a superpower "pre-summit," the President's supporters succeeded in transforming binding language into nonbinding provisions in two amendments and modifying the terms of two others. Congressmen came under unprecedented pressure not to "tie the President's hands" for the forthcoming talks at Reykjavik. The Administration argued, for example, that nuclear testing was going to be a major topic of discussion there. In conference between the House and the Senate, House members agreed to withdraw the nuclear testing amendment, provided that the nonbinding language of House Joint Resolution 3 was strengthened with a last-minute agreement by the President to submit to the Senate "as a first order of business for the 100th Congress" the unratified Threshold Test Ban Treaty of 1974 and the unratified Peaceful Nuclear Explosions Treaty of 1976.

Unfortunately, there appears to have been no discernible understanding at Reykjavik on how to proceed toward talks on nuclear testing. In fact, it appears that the two principals, Mr. Reagan and Mr. Gorbachev, hardly discussed nuclear testing. Many in the House feel that they were taken advantage of when they agreed to withdraw the nuclear testing amendment

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from the conference bill in expectation that achieving a nuclear test ban would be the top priority at Reykjavik. It is no wonder that the Administration's credibility on this issue was severely damaged.

Now Congress is confronted with obstructionist tactics by the Administration in connection with both the unratified test ban treaties and with pursuing talks with the Soviet Union on further limiting nuclear weapons testing. During the 100th Congress efforts will continue to steer the Administration back to a policy which encourages both the White House and the Kremlin to achieve a total cessation of nuclear testing.

V

The second arms control amendment of 1986 limited funding for the SDI program to $3.1 billion during fiscal year 1987. This was substantially less than the Administration's original request of $5.4 billion. Earlier, the Senate had approved a $3.95-billion SDI program, partly on the basis that SDI should be programmed for the defense of American missile bases and not as an "umbrella" defense of the population.

SDI has been the subject of constant and controversial debate in Congress since its public unveiling in 1983. Although majorities have always been mustered to support SDI research, there has never been and there continues to be no majority support for development, testing or deployment of SDI components or systems. The debate over SDI funding has responded to the well-known fact that the Soviet Union is engaged in similar research for its strategic defense. It would be foolish if the United States did not match Soviet research with its own vigorous program. But there is a quantum conceptual and strategic leap from the research of a strategic defense and the actual development, testing and deployment of its components and systems.

Proponents of SDI continue to argue the point which the Reagan "revolution" was supposed to have disabused us from believing—that merely by throwing money at a government program miracles would occur. The research on SDI did not merit an expenditure of $5.4 billion in fiscal year 1987.[4] The Administration failed to offer convincing evidence that the

[4] Total SDI funding was $1.612 billion in FY 1985 and $2.943 billion in FY 1986.

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additional $2 billion it requested was anything more than an attempt to promote dubious "research" projects before their time. The fact that little effort was needed in either chamber to reach a compromise SDI budget of $3.5 billion reflects a belief shared by most members of Congress that the Administration's request was much too high for a responsible research program. In any event, the funding approved by Congress represented more than a 20-percent increase over 1986 spending on SDI, while the entire federal budget increased by less than three percent in 1987. Thus in percentage terms, the increase in SDI funding in 1987 was seven times greater than the overall increase in all federal spending. The approved budget also reflected congressional interest in assuring that SDI work be conducted within the confines of the traditional interpretation of the ABM treaty.[5]

Since the 1986 budgetary battle on SDI, three developments have given rise to new concerns on Capitol Hill. First, the American delegation at Reykjavik appears to have insisted on the Administration's revisionist interpretation of the ABM treaty. This interpretation would permit the development and testing of a space-based antiballistic missile defense system. Such a unilateral interpretation is a radical reversal of the last 13 years, during which the U.S. government had supported the traditional interpretation which prohibits the development and testing of a space-based ABM system. The Administration has attempted to have it both ways on the ABM treaty. The revisionist interpretation is touted by some U.S. officials as the correct legal reading of the treaty text and negotiating record. But in response to the overwhelming dissent of members of Congress, former negotiators of the treaty and legal scholars, the Administration has held since October 1985 that the operative policy of the U.S. government will be to conduct SDI

[5] Section 216 of the National Defense Authorization Act for fiscal year 1987 sets forth the congressional finding that "the Secretary of State declared on October 14, 1985, that 'our research program has been structured and, as the President has reaffirmed, will continue to be conducted in accordance with a restrictive interpretation of the treaty's obligations.'" Congress also declares in Section 216 "(1) that it fully supports the declared policy of the President that a principal objective of the United States in negotiations with the Soviet Union on nuclear and space arms is to reverse the erosion of the [ABM treaty] . . . and (2) that action by the Congress in approving funds in this Act for research on [SDI]—(A) does not express or imply an intention on the part of Congress that the United States should abrogate, violate, or otherwise erode such treaty; and (B) does not express or imply any determination or commitment on the part of Congress that the United States develop, test, or deploy ballistic missile strategic defense weaponry that would contravene such treaty."

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research in accordance with the traditional interpretation.[6] All testing programs under SDI have been officially described as meeting the requirements of the traditional interpretation.

The utility of the revisionist interpretation is that it purports to allow the Administration to break out of the ABM treaty when it decides to step beyond the research of SDI to the development and testing of SDI components and systems. By reinterpreting the treaty, the Administration has replaced the original script, clearly approved by the Senate in 1972, with one that suits the President's vision of strategic defense. At Reykjavik, the United States was willing to agree not to withdraw from the ABM treaty for ten years, but on the apparent condition that during that period the development and testing of SDI components and systems be permitted. The American delegation thus would have codified the revisionist interpretation in a new agreement with the Soviets. This fundamental shift in American strategic defense policy occurred without any prior consultation with Congress, which had explicitly reminded the Administration of its support for the traditional interpretation. Until Congress is prepared to launch a development and testing program of SDI components and systems (at an estimated cost of scores of billions of dollars), it will have to maintain a vigilant watch over the ABM treaty to ensure that no administration either violates or rewrites its provisions.

The second development which has concerned many in Congress is how the American delegation at Reykjavik transformed the rationale of SDI. Congress has funded SDI as a research program to determine whether an advanced strategic defense system is scientifically and technologically possible, whether it is deployable, and whether it will do the job of protecting the United States from a ballistic missile attack by the Soviet Union.

In Iceland, that logic was turned upside down. In the talks at Reykjavik's Hofdi House, SDI suddenly was transformed from a research program into a deployable system, albeit one which does not yet exist. The American delegation negotiated as if SDI were a certainty. The elimination of America's most important deterrent, its ballistic missile arsenal, was almost

[6] See *ABM Treaty Interpretation Dispute*, Hearing before the Subcommittee on Arms Control, International Security and Science, Committee on Foreign Affairs, House of Representatives, Oct. 22, 1985.

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bartered away for a presumption that SDI not only could be deployed, but that it would work. Moreover, the Administration argued for the deployment of SDI even after the supposed elimination of all ballistic missiles, the very threat SDI is intended to confront. U.S. officials argued that the country would still need SDI as an "insurance policy" to protect against Soviet cheating and against the stray missile that a madman might hurl at us. Evidently, no one thought to mention that land-based strategic defenses, at substantially cheaper cost, might do a better job, or that verification of Soviet compliance should continue to be of the highest priority.

SDI is a hypothesis on a piece of paper. To bargain away America's deterrent shield today for the hypothesis that SDI will be cost-effective, functional and deployable sometime in the near future, not to mention within ten years, would be the height of folly. If ever there were a case made for congressional oversight of the arms control agenda, the Administration created it at Reykjavik.

The third development related to SDI is the Pentagon's recent efforts to persuade President Reagan, and ultimately Congress, to approve early deployment of a partial space-based strategic defense. This raises so many concerns that the future of SDI now, more than ever, requires the utmost congressional scrutiny. It was only last October that the American delegation at Reykjavik proposed delaying deployment of SDI for at least ten years. The Pentagon now has undermined the Administration's diplomatic position with its new effort to deploy SDI rapidly so that, in the words of Attorney General Edwin Meese, SDI cannot be "tampered with by future administrations."

In my view, the Pentagon's rush to judgment on SDI is a politically motivated scheme only superficially based on the national interest. The proposal would cause the United States to unilaterally abrogate the ABM treaty. Premature deployment of SDI would cost the U.S. taxpayer untold billions of dollars during the critical years when the budgetary constraints on Congress will be most severe. More important, there is abundant evidence that premature deployment of SDI will not achieve its strategic objective and would only stimulate Soviet efforts to overwhelm the leaky "umbrella" being proposed by the Administration. Be it arms control or deficit spending, the buck stops at the president's desk *and* on Capitol Hill.

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VI

The third House arms control amendment of August 1986 sought to limit the deployment of launchers for ICBMs, of SLBMs carrying MIRVs, and of heavy bombers equipped for air-launched cruise missiles, to the deployment levels permitted under the unratified SALT II treaty (1,320). The House approved the amendment, which prohibited the obligation or expenditure of funds for deployments beyond this limit unless the president certified to Congress that the Soviet Union had deployed strategic forces in excess of the SALT II limitations.

This amendment was a particularly critical one. Earlier in the summer of 1986, the House had approved, by a strong bipartisan vote of 256 to 145, nonbinding legislation calling on the President to continue adherence to the sub-limits of the SALT II treaty. This legislation was unavoidable in light of Mr. Reagan's declaration of May 27 that beginning in the autumn of 1986 the United States would no longer adhere to the SALT II limitations. The House amendment, which passed in August, was intended to convey to the White House the message that to abandon the SALT II limitations was not in the national interest. Congressman Howard Berman (D-Calif.) aptly noted on the House floor, "If the United States needs a higher aggregate of nuclear weapons over the coming months and years, it will only be because the Administration has created that need by allowing the Soviets to build more weapons of their own. This doesn't make strategic sense."

And yet the SALT II amendment was attacked by Administration supporters as unconstitutional, as an effort by the House unilaterally to engraph a treaty into statute law without going through the ratification process embodied in the Constitution. The House majority was chastised for trying to micromanage the strategic arms negotiations in Geneva. The Administration asserted that Soviet violations of other SALT II provisions (such as the alleged modification of the Soviet SS-13 ballistic missile to create a prohibited "new" ICBM, as well as the encryption of telemetry on missile test flights by the Soviets) justified American violation of the SALT II provisions, and that any such decision was the President's alone to make.

An unratified treaty may express a present or past presidential policy, and the president may have sole power to negotiate, renegotiate or abandon it. If a congressional mandate happens to coincide with a former presidential policy expressed in the

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unratified treaty, then that is certainly not unconstitutional and it has nothing to do with the president's treaty-making power. The House determined a benchmark for weapons production, and in this case it conformed with the sub-limits set forth in the SALT II treaty.

Critics of such congressional "interference" sometimes point to Section 33 of the Arms Control and Disarmament Act, which prohibits any action "under this or any other law that will obligate the United States to disarm or to reduce or to limit the Armed Forces or armaments of the United States, except pursuant to the treaty-making power of the President under the Constitution or unless authorized by further affirmative legislation by the Congress of the United States." The House amendment in question did not create any international obligation to limit "armaments." The limits it mandated were to be authorized by further legislation, namely the amendment itself.

The Administration and its allies in the Senate killed the SALT II amendment during conference deliberations in October. Again their major argument was that the amendment would tie the President's hands during the hastily called Reykjavik talks. Nonbinding language was adopted instead, expressing "the sense of the Congress that it is in the national security interests of the United States to continue voluntary compliance with the central numerical sub-limits of the SALT II treaty as long as the Soviet Union complies with such sub-limits." But even this was to no avail. Compliance issues pertaining to the SALT II treaty apparently were not discussed at Reykjavik, and by late November the 131st heavy bomber had been equipped with cruise missiles and was operational, thereby clearly exceeding the SALT II sub-limits.

The 100th Congress will return to this issue. In an age threatened by nuclear annihilation, an arms control agreement that constrains nuclear arms (such as the SALT II treaty) is better than no agreement at all.

## VII

The one arms control amendment that survived the October conference intact was the long-standing ban on antisatellite weapons (ASAT). The House prohibited the secretary of defense from carrying out a test of ASAT against an object in space until the president certified to Congress that the Soviet Union has tested a dedicated ASAT against an object in space. The one-

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year prohibition expires on October 1, 1987. This is the fourth consecutive year Congress has banned ASAT testing and, consequently, production and deployment.

Continuing the ASAT weapons ban reaffirmed congressional belief that an agreement between the United States and the Soviet Union on banning ASATs would represent a major step toward averting a costly and destabilizing arms race in space. Since enactment of the first ASAT ban in 1983, the Soviet Union has not tested any ASAT weapon. Congressman Lawrence Coughlin (R-Pa.) explained that "the Soviets have a crude and unreliable [ASAT] system, which has failed in 11 of the 20 tests conducted with it to date, including all six tests of a more 'advanced' heat-seeking version. The United States, on the other hand, has an ASAT that is relatively more advanced but only partially tested."

The logic behind this amendment is compelling. The United States relies on a vast array of satellites for communication, intelligence-gathering and early warning of a Soviet attack. In fact, for military purposes alone the United States is far more dependent on satellite technology than the Soviet Union. In the event of SDI deployment, space-based technology would become the all too critical link in U.S. strategic defense. Breaking the mutual moratorium on ASAT testing would invite the Soviets once again to test ASATs which could knock out U.S. satellites and accelerate development of their ASAT technology. A continuation of the ban on ASAT testing remains a top priority of Congress in its 100th session.

VIII

The final arms control amendment prohibited spending funds for procurement of binary chemical munitions, including the Bigeye bomb, or for the establishment of a production base for such munitions. The House amendment also prohibited the United States from removing its unitary chemical munitions stored in Western Europe unless they are replaced with binary chemical munitions stationed on the soil of at least one European member nation of NATO, a responsibility which no NATO member in Europe has yet agreed to shoulder.[7]

[7] Binary chemical weapons contain two relatively harmless agents which, when mixed together after firing, become lethal nerve gas. The Bigeye bomb is a 595-pound aircraft-delivered binary chemical weapon.

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The current U.S. stockpile of chemical weapons in Western Europe is an integral part of NATO's deterrent against Soviet use of chemical weapons in Europe. The Administration's plan to withdraw these weapons from Europe and base new ones solely in the United States, thousands of miles from the European battlefields where they would be needed, amounts to unilateral dismantling of NATO's chemical deterrent. The chemical weapons amendment assured that the United States would not waste money on a program costing some $3 billion in the next few years. The General Accounting Office has continued to uncover testing failures, technical and structural deficiencies, and structural flaws within the binary weapons program which clearly demonstrate that the Bigeye binary bomb is not even ready for operation tests, let alone production.[8]

During conference deliberations in October 1986, the strict prohibitions of the House-approved amendment were loosened. First, the conference agreed to prohibit funding for the Bigeye bomb production program and Bigeye components during fiscal year 1987 and to prohibit final assembly of the Bigeye bomb through fiscal year 1988. Second, the conference provision authorized funding for the production of the 155-mm chemical artillery shell but prohibited final assembly through fiscal year 1987. Third, the conference declined to authorize the $15.4 million of fiscal year 1987 funds requested for Bigeye production facilities, and it limited the fiscal year 1986 funding to $90 million, subject to a certification by President Reagan that the production of the Bigeye is in the national interest and that all design, planning and environmental requirements for such facilities have been met.

While not as conclusive as many members of Congress would have liked, the House-Senate conference position reaffirmed congressional opposition to funding a weapons system that does not work, is not proven safe for NATO troops, needlessly adds billions of dollars to the deficit, unilaterally eliminates the present chemical deterrent in Western Europe, and undermines efforts of the superpowers to negotiate an arms control agreement that bans chemical weapons.

[8] See *Bigeye Bomb: An Evaluation of DOD's Chemical and Developmental Tests*, U.S. General Accounting Office, May 1986; *Chemical Warfare: The Chemical Warfare Review Commission Did Not Comply With the Federal Advisory Committee Act*, U.S. General Accounting Office, January 1987.

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IX

Each of these arms control amendments of 1986 will be pursued again during the 100th Congress. Despite the obvious need to work toward a consensus with Congress on the nation's arms control policy, the Administration once again has thrown down the gauntlet. It was understandable that President Reagan, in his State of the Union message this year, would call on Congress to support his negotiating stance with the Soviets. But then he warned: "Enacting the Soviet negotiating position into American law would not be the way to win a good agreement. So I must tell this Congress I will veto any effort that undercuts our national security and our negotiating leverage." By likening legislative mandates to the Soviet negotiating position, the President distorted reality. There is considerable concern in Congress about whether some of the Administration's surreal proposals for complete nuclear disarmament and premature deployment of SDI would damage U.S. national security and undercut the leverage American negotiators will need in future talks with the Soviets.

What, after all, is the Reagan Administration's arms control policy? That is the question which for more than six years has mystified Congress. The bureaucratic infighting which has marked the Administration's policymaking has never been resolved. Members of Congress have had to try to make sense out of an unending barrage of conflicting, contradictory and ambiguous signals from the executive branch (not to mention from the Soviets). When positions change hourly, depending on who is speaking for the Administration, the nation's security suffers. In comparison, Congress has maintained a fairly consistent approach to arms control and the national defense. The arms control amendments demonstrate congressional support for long-standing arms control objectives. Congressional approval of unprecedented defense budgets during the Reagan Administration speaks for itself.

Threatening to veto arms control legislation which has broad-based, bipartisan support in Congress is not a constructive strategy for the President to pursue. The Administration will need to speak with one consistent and well-informed voice. There must be a renewed commitment by Administration officials to strive for achievable objectives in their negotiations with the Soviets, rather than belabor surreal proposals which many believe mask the intentions of those who see no future

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in arms control. As with any policy, the way to win congressional approval is to consult fully with Congress and to pay heed to the concerns raised by those men and women who also represent the interests of the American people. The Reagan Administration's partisan approach to the national defense and to arms control, which was acutely reflected during the 1986 election campaign, may have needlessly alienated members of Congress without whose support the Reagan era will continue its precipitous fall from grace.

The 100th Congress thus faces its most difficult session on arms control. Arms control cannot be premised on defense systems which are flawed or nonexistent. The American people deserve better. They deserve a comprehensive, bipartisan policy supported by the Administration and by Congress.

That bipartisan policy is within reach. In my view, Congress would support: (1) deep cuts in strategic offensive weapons of the magnitude (30–50 percent) discussed at Reykjavik and previously at Geneva; (2) a negotiated end to nuclear weapons testing; (3) an efficient level of research on SDI without committing the nation to premature deployment; (4) mutual adherence to the long-standing interpretation of the ABM treaty; (5) mutual compliance with the SALT II treaty limitations; and (6) prevention of a destabilizing race of antisatellite weapons and of lethal chemical weapons.

If consensus within the Administration and between the President and Congress could be reached on these issues, then a unified American government would confront the Soviets with a formidable arms control policy.

Reciprocal measures by the Soviets are essential. That is why Congress safeguards arms control legislation with conditions that permit the lifting of legislated restrictions on nuclear weapons in the event the Soviets violate the constraints being observed by the United States.

To see the majority votes in the House last year on arms control legislation as political assaults on the Administration is simply wrong. They were a sincere, bipartisan effort to preserve and enhance the national defense. The arms control amendments reflected the fact that Congress has a constitutional duty to ensure that the funds it appropriates for the defense of the nation ultimately will provide the best security money can buy.

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*Paul Doty*

# A NUCLEAR TEST BAN

Nuclear detonations are constant reminders of mankind's capacity for violence. It is not surprising that people and governments conclude that if this symptom of supreme violence were exorcised, the risk of nuclear war itself would diminish. Even though this position has psychological force and strong popular appeal, it bears deeper examination.

At issue is whether the single, radical step of ending all nuclear weapons testing, given the uncertainty of detecting lower-yield tests, is the best route to stopping the qualitative strategic arms race. Can such a step be pursued as an independent goal without linkages to other kinds of arms control and disarmament? Or are there more promising ways of restraining testing than its total elimination? In addressing this last question we need to examine the essential issues in the current debate and analyze current approaches. Then we can sketch a phased approach to a regime that would respond to most of the issues raised and secure the traditional goals of a comprehensive test ban (CTB) treaty, provided that it is embedded in a broad commitment to arms control.

## II

The Soviet government's position, from the first serious discussion of this matter in the U.N. Disarmament Commission in 1957 until the Reykjavik summit in late 1986, was that banning nuclear tests should be negotiated independently of other arms control measures. In 1957 this took the form of demanding a temporary moratorium (to allow negotiation of a total ban) as an immediate step, independent of disarmament. General Secretary Mikhail Gorbachev took the same tack in July 1985 when he urged immediate negotiation of a CTB during a testing moratorium that the Soviets were about to initiate. It was evident that the Soviets felt that such a ban could be arrived at "in a matter of months." As late as Septem-

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ber 1986 Gorbachev asked that "talks in any form—bilateral, tripartite or multilateral, and moreover without linkage to any other questions—be resumed or started."

Yet at Reykjavik, Gorbachev brought the negotiation of a CTB into relationship with the three-part arms control proposal: 50-percent reductions of strategic forces, the near elimination of intermediate-range nuclear forces and limitations on testing in the Strategic Defense Initiative (SDI) program. He offered to drop the prior demand for immediate cessation of all nuclear tests, so long as negotiations proceeded on scaling down the number and yield of tests over time, maintaining however the goal of complete elimination. This proposal brought the Soviet position in range of the U.S. position, i.e., that a CTB is desirable as a long-term goal when considered in the context of broad, deep and verifiable arms reductions and other measures.[1]

The U.S. position was also modified in time for the Reykjavik summit.[2] President Reagan proposed to ask the Senate as the first order of business in 1987 to give its approval to two unratified treaties, the Threshold Test Ban Treaty of 1974 and the Peaceful Nuclear Explosions Treaty of 1976, if the Soviet side agreed to additional verification measures. If the Soviets did not agree to additional verification measures, the President would nonetheless seek Senate approval, but with the reservation that the treaties not go into effect until "they are adequately verifiable." After this step was accomplished the two sides could immediately begin parallel negotiations on reducing and ultimately eliminating nuclear weapons and nuclear testing.

A tentative accord embracing the new views on both sides seemed to be within reach at Reykjavik but fell short over the SDI problem and the U.S. insistence on not reaching the complete ban on tests until nuclear weapons were eliminated. Thus the two sides have moved closer—from outside to inside a large negotiating arena—but signs of rapid progress are lacking. The recent offer to negotiate intermediate-range nuclear forces independently does, however, hold promise for possible movement in the test ban area.

Aside from resonating with popular support for a ban on

[1] *Arms Control Issues*, The Arms Control and Disarmament Agency, Feb. 8, 1986; *Gist*, Bureau of Public Affairs, Department of State, May 1986; see also *Background Briefings on Test Ban Treaty*, The White House, Washington, July 20, 1982.

[2] *The New York Times*, Oct. 11, 1986.

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nuclear testing, the Soviet interest lies deeper. As Soviet academician Evgenii Velikhov put it:

> Ending [nuclear testing] would facilitate the achievement of a concrete objective—the prevention of the development of new destabilizing weapons—as the experience of preceding decades shows that development and improvement of new nuclear weapons are the main sources of instability.[3]

Furthermore, the Soviets realize that domestic reform must have first priority; hence they wish to dampen the arms race by a CTB and other measures so as to direct their energy and resources more explicitly to their newly felt needs. It is also possible that the Soviets believe they are further advanced in weapons design and wish to preserve their advantage.

U.S. interests have been divided. Although all U.S. administrations since Truman's have sought to negotiate a CTB (and the negotiations in the Carter period made progress), the current U.S. Administration holds that a CTB

> must be considered in the context of a time when we are less dependent on nuclear deterrence than we are now to ensure international security and after we have achieved broad, deep and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and a greater balance in conventional forces.[4]

A majority of the U.S. Congress, however, appears to accord the CTB a higher priority. On August 8, 1986, the House approved an amendment to the defense authorization bill, by a ratio of three to two, that would deny funds for nuclear testing for one year subject to certain provisions. This initiative was withdrawn in order not to encumber the President at the Reykjavik summit, but in 1987 the Democratic-controlled Congress is likely to insist with greater vigor on some progress in diminishing nuclear testing. Thus the test ban debate, both domestic and international, seems destined to continue.

## III

If all the difficulties associated with a CTB[5] could be reasonably solved and if all relevant nations subscribed, the most

[3] *New Times* (Moscow), in English, No. 40, October 1986, pp. 6–8.
[4] *Loc. cit.*, footnote 1.
[5] CTB is used here in the literal sense of "comprehensive," not being restricted to the widespread impression that this is equivalent to "complete," but addressing all issues related to its goal.

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direct consequence would be an end to further development of significant new types of nuclear weapons, that is, warheads and bombs, but not total weapons systems including launchers. If this agreement were part of a far-reaching arms control regime as both the U.S.S.R. and the United States envisage it, this would signal a remarkable and historic change in the perceived role of nuclear weapons.

A CTB, however, would not itself have an immediate direct effect on nuclear forces. The average period for developing new nuclear weapons is long—often eight to ten years from conception to deployment. Prior to such a new treaty coming into effect there would undoubtedly be a hurried completion of weapons near the end of their development cycle. But, over time, new weapons systems would have to be developed around existing warhead designs. Even this kind of development would probably slow if numbers of weapons were also being reduced. A CTB would by no means end the arms race, but it would put an end to developing new weapons. With respect to SDI the non-nuclear weapons development would, of course, proceed. Existing nuclear warheads could be used for terminal defenses if needed. But it would stop initial development of one potential component, the nuclear-pumped X-ray laser; its full development, involving an estimated 100 tests or more,[6] would require testing in space, which is prohibited by the Limited Test Ban Treaty, and its deployment in space, which is prohibited by the Outer Space Treaty.

Thus a CTB could be expected to result in a gradual downturn in the qualitative arms race. While the development of new weapons systems would not be stopped, they would not carry new weapons. Consequently, the commitment to the present pace of developing weapons systems would probably decrease and that part of popular opinion that reacts negatively to any "new" developments in the nuclear weapons field would be accommodated. There would remain the arguments of test ban opponents that it is only under nuclear testing that the megatonnage of the nuclear arsenals has actually diminished and safer weapons have been developed. The counterargument is that current nuclear weapons technology has most probably reached a plateau. If this is true, then further testing would not result in comparable, constructive innovations.

[6] See quotations from H. Bethe and H. Dewitt in *Federation of American Scientists Public Interest Report*, Washington, D.C., December 1986, pp. 5, 6.

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A CTB treaty would, furthermore, represent a decision by the superpowers to complete long-standing unfinished business promised in both the Limited Test Ban Treaty of 1963 and the Nonproliferation Treaty of 1968. In doing so the arguments for other nations to develop their own nuclear weapons would be weakened; nonproliferation arguments could be brought to bear without having to concede that the superpowers had not lived up to their promise.

But the chief consequence of a CTB is likely to depend on whether it is an essential component of a broad approach to arms control. It is difficult to see a CTB being negotiated and surviving in isolation; it is also difficult to see a broad agreement on reductions in nuclear weaponry of both strategic and intermediate ranges, together with some resolution of the strategic defense problem and possibly conventional force reductions, while nuclear tests proceed apace. There is both a benefit to this integration and a cost. The benefit is that many more trade-offs are possible when negotiating a larger package; the cost is that the CTB negotiation is hostage to reaching agreement on much larger issues. Nevertheless, the technical aspects involved in negotiating a CTB treaty are rather isolated from the issues affecting the larger arms control menu. Consequently, such negotiations could proceed independently toward an agreement that would become part of a much larger package when such a union could be reached. We turn then to the special difficulties that confront the negotiation of a CTB treaty.

## IV

Many see the principal factor weighing against a CTB to be the loss of reliability that would occur due to the aging of the nuclear weapons stockpile or to undetected defects in the design of some weapons. With the passage of time, corrosion and deterioration of components can reduce the yield of a weapon or even cause it to fail completely. Also, existing weapons may have to be put in service under conditions not anticipated at the time of their certification, as would be the case if weapons designed for fixed launchers were used with mobile launchers traveling on rough terrain.

Most monitoring for reliability does not involve nuclear detonation, but rather nondestructive procedures requiring disassembly or testing with the nuclear material removed. Public testimony from the laboratories indicates that detonation even at reduced yields is rarely done. There are claims

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that detonations have been essential in a few cases,[7] but even this has been disputed: it has been pointed out that the weapons in question were not adequately tested prior to stockpile entry or that subsequent testing was not actually required to remedy the fault.[8]

Two policies in particular contribute to this conflict over reliability. One is the traditional approach to weapons design in the weapons laboratories. Generally, new nuclear warheads are designed for each new delivery system so as to optimize the weapon for its mission. This puts a premium on sophistication and maximal yield-to-weight ratios. By working at the margins in order to improve optimization there is less slack for tolerable changes as the weapons age. Less sophisticated, more robust weapons could be produced but at the cost of less yield for the permitted weight. Consequently, it appears that weapons of simple but less efficient design that could also be easily maintained indefinitely have not been developed. Interestingly, this practice was not followed even under those administrations that favored a CTB, perhaps because it would mean higher costs for a given yield.

Extremely high standards for weapons certification can also create an artificial requirement for additional reliability testing. Overall reliability of weapons systems performance involves many factors beyond the warhead detonating at a specific yield: the issue and receipt of the command, the carrying out of the proper launch sequence, the correct flight performance and the accuracy at target. When all these other sources of uncertainty are taken into account, a current study concludes that the overall performance of the systems would not be significantly degraded if the yield were uncertain by a factor of two.[9] For example, accuracy is much more sensitive than yield: improvements in accuracy of delivery by only 30 percent could compensate for a change in yield by 100 percent. Viewed in this way some relaxation in the certification standard could be justified, thus diminishing further the need for certain reliability tests.

The reliability of weapons takes on a different aspect if one

[7] J. W. Rosengren, "Some little-publicized difficulties with a nuclear freeze," R&D Associates, Marina del Rey, Calif., October 1983; P. S. Brown, *Energy & Technology Review*, Lawrence Livermore National Laboratory, September 1986, pp. 6–18.

[8] R. E. Kidder, *Report UCID-20804*, Lawrence Livermore National Laboratory, June 1986.

[9] S. Fetter, manuscript in preparation, Center for Science and International Affairs, Harvard University, 1987.

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assumes that a CTB may last for many decades and that reliance on nuclear weapons for deterrence continues. In that case remanufacture would probably be necessary. This would require that the supply of all the components be maintained as well as the skills involved in assembly. Over time this would amount to a demanding requirement, but seemingly one that could be met within present budget scales. Meanwhile, for the nearer term, there would be much to do: more intensive monitoring of stockpiled weapons, disassembly and checking of randomly selected weapons and, when necessary, their remanufacture. Such activities would become the basis of ensuring stockpile reliability under a CTB.

Whether some allowance would need to be made for nuclear testing to ensure reliability is likely to remain unresolved. It is difficult to discount all past claims that some reliability testing is necessary, as well as claims that it may be required at future times. If a CTB is to last a very long time, situations not previously encountered may arise that would justify some testing. If deep reductions in weapons numbers proceed, then the reliability of the remaining weapons increases in importance. In any event, however, the total number of such tests required would be very small in contrast to the much larger number required for new weapons development.

## V

Verification has been a central issue in test ban debates and agreements since the 1950s. The dominant question has been: What is the lowest practical threshold of underground tests at which detection could be made with sufficient probability that violations would not lead to militarily significant advances? The Limited Test Ban Treaty of 1963, banning testing in the atmosphere, set no threshold for underground testing. The requirement that the tests be underground placed a practical limit on them of about 5,000 kilotons (kt) for isolated locales and about 1,000 kt for testing within a 100 to 200 mile range of urban areas. Actually, the great majority of tests was below 300 kt.[10] Since 1974 the Threshold Test Ban Treaty, unratified but nevertheless observed, has constrained underground explosions to a maximum of about 150 kt.

Most nuclear tests are of such a yield that high-quality seismic

[10] L. R. Sykes and D. M. Davis, *Scientific American*, January 1987, pp. 29–35.

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detection systems with sufficient stations properly located can detect and identify tests and estimate their yield rather well. Obviously, the lower the yield the more difficult this becomes, and at sufficiently low yields seismic detection fails. Although this failure sets in at very low yields compared to the usual testing range, it does exist. Consequently, a *total* ban on nuclear tests cannot be verified.

Many proponents of a CTB fail to deal with this point. Some imply that improvements in seismic measurement of yield will allow verification of tests down to such a low value that any that did occur would not be militarily significant. This may be so in a decade or two, provided that there is very considerable cooperation among the contending parties and a willingness to invest in building and maintaining an expensive seismic detection system. Meanwhile, a treaty would have to specify a threshold; such a treaty would be known as a low-yield threshold test ban treaty. Policymakers naturally want to know the lowest yield that is reasonably verifiable with a specified seismic detection system. There is no simple answer because the translation of seismic measurements to explosive yield is complicated by several factors.

First, seismic measurements provide four kinds of information: (1) the detection of underground earth movements arising from earthquakes or explosions, (2) the discrimination between earthquakes and explosions, (3) the approximate location and depth of the explosion and (4) an estimate of its yield. The seismic waves from an explosion are of several kinds, including P and S waves. These two waves move throughout much of the earth, and are detectable at many thousands of miles from the explosion. A similar pair of P and S waves travel shorter distances and others travel at the surface. The amplitude (magnitude) of the waves is related to the yield of the explosion. By coordinating the arrival times of the waves at different seismic stations, the site of the explosion can also be located.

In addition, the waves display a range of frequencies. Until the 1960s most seismology concentrated on analyzing only one or two of these waves and in a narrow frequency range. But since then the seismic data has been examined in more detail and more sophisticated seismic stations have been tested. As a result much more seismic information is becoming available and the capability of seismic detection is certain to improve. Much of this promise is not yet clearly demonstrated; consequently, controversy continues between those who make judg-

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ments on the basis of existing stations and practice and those who take into account emerging improvements.

As a result of this changing state of the art, three different kinds of seismic detection systems are currently discussed for use in verification. One is the National Technical Means (NTM) system, which consists of seismic monitoring stations in the United States and abroad (though not in the Soviet Union), supplemented by other data-gathering systems. It is this system that provides the present U.S. monitory capability. The Soviet Union has a comparable capability. The second system, known as a "simple system," consists of the NTM system plus ten single seismometer stations to be placed in the Soviet Union and in the United States, as tentatively agreed in the 1977–80 CTB negotiations. The third system envisages a dramatic improvement that is possible if each of the single seismometers is replaced with an array of seismometers located a few kilometers apart and the number of stations is increased from 10 to 30.

Computer simulation indicates that the sensitivity of the "simple system" would be twice that of the NTM system and that the enhanced array system would be ten times as sensitive as NTM.[11] If there were no complications in exploiting these sensitivities, all of these systems could detect explosions carried out in hard rock down to about one kiloton or less, and a CTB could become a reality. But several complications intervene in crucial ways to degrade the accurate translation of seismic measurements into explosive yields.

Earthquakes obviously present a problem for all seismic detection. They occur continuously within the earth and give rise to seismic waves, though of a somewhat different nature than those generated by explosions. Nevertheless, since the occurrence of earthquakes increases sharply at lower magnitudes it follows that there will be a level for nuclear explosions below which the seismic signal from the explosion will be overwhelmed by the seismic signals arising from small earthquakes. At some lower limit it is not possible to discriminate between the different character of seismic waves generated by explosions and by earthquakes. The limit depends on the number and distribution of the seismic stations in the monitoring network.

Thresholds are higher in seismically active regions because of the higher seismic background from earthquakes. For ex-

[11] *Energy & Technology Review*, August 1986, p. 36.

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ample, the seismic signal from a test of one kiloton in hard rock competes with comparable or larger signals from about 20 shallow earthquakes per day worldwide, or nearly one per day within the Soviet Union. Only a few detection stations would pick up the signal. But with the enhanced array system, and taking into account the distribution of seismic activity, it is likely that such signals could be correctly interpreted. By contrast, the present NTM system could not deal reliably with such an event.

A second major factor that degrades the utility of seismic systems is the suppression of the signal that occurs when a nuclear explosion occurs in any medium other than hard rock. When an explosion occurs in hard rock with little surrounding empty space, the force of the explosion is directly coupled to the rock and the maximum seismic wave is generated. Such an explosion is said to be maximally coupled. In this case the wave measurements can be related directly to the yield of the explosion. However, when the medium surrounding the explosion is sediment, or softer or pulverized rock, the seismic signal is muffled and can be considerably reduced. This is called reduced coupling; the same wave signals as received from explosions in hard rock then correspond to higher yields.

The test sites in the Soviet Union and indeed most of its territory consist of hard rock. The Nevada Test Site, where almost all U.S. testing is done, sits above a region of molten rock, which dampens the seismic waves. Consequently, the geological nature of the test site area must be known in order to make accurate estimates of yield. This kind of information can best be obtained by calibration tests, i.e., setting off explosions of known yield at such sites. Such tests also allow correction for the variations in the decay of the seismic waves as they pass through heterogenous structures within the earth.

The third problem in seismic detection is the reduced coupling, or decoupling, that can result from setting off the explosion in a large underground cavity. If the cavity is large enough the seismic signal might be reduced as much as 10 to 100 times (*using the P wave magnitude*). However, this form of deception is impractical except at very low yields. The mere construction of such a large underground hole is difficult, expensive and visible to surveillance. Moreover, the possibility that the explosion would trigger a collapse into the cavity and thereby become clearly visible at the surface would further increase the risk of detection, as would the possible leakage of radioactivity.

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In practical terms it is reasonable to assume that no party would make deep underground excavations larger than the Great Pyramids (100,000 cubic meters). This would limit cavity-decoupled explosions to less than two to ten kilotons. Hence, like earthquakes, cavity decoupling is of concern only at the low end of the yield scale.

It should be noted, however, that the variance associated with estimated yields increases as the yield diminishes, especially below ten kilotons, and the CORRTEX method (see p. 763) is of no use in this range. This further complicates the verification of yield in the one-kiloton range, but it could be handled by agreeing on a larger tolerance in estimated yield values.

The threshold problem can now be seen in better perspective. With the present NTM seismic system, allowing for decoupling at low yields, the lowest threshold for reliable verification is about ten kilotons; it is at least five times lower without decoupling.[12] These limits would be lowered further if the simple system or the enhanced array system were in place. Still further improvement might come from processing the higher-frequency seismic waves, since these are now found to be less affected by decoupling. A specific estimate of a reasonable threshold is given by Dr. W. J. Hannon of the Lawrence Livermore National Laboratory, who concludes that

> networks with 15 high-quality array stations in the Soviet Union could detect events with seismic magnitudes of 3.0 (and down to 2.4 in localized regions). Such networks are thought to be capable of detecting cavity decoupled explosions with 3 to 10 kt yields with 90% confidence.[13]

Other seismologists argue that the threshold would be as low as one kiloton.

To summarize in a conservative way: without cavity decoupling, with restriction to known test sites and with calibration tests, the present NTM seismic system could deal adequately with a ten-kiloton threshold, the simple system with a five-kiloton threshold and the extended array with a one-kiloton limit. Decoupling could raise these thresholds but, as noted above, decoupling is impractical except below the five-kiloton range; furthermore, a prohibition on decoupling could be adequately verified.

[12] L. R. Sykes, Hearings, U.S. Senate, Committee on Foreign Relations, June 16, 1986.
[13] W. J. Hannon, *Science*, Jan. 18, 1985, pp. 251–257.

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In considering these matters, an important distinction must be made between the degree of confidence required to identify a violation of potential military significance as opposed to identifying the occurrence of a single test. One test above the threshold is unlikely to lead to a militarily significant development, although it could be used to check the reliability of a slightly redesigned weapon. A militarily significant event would be the detection of a series of tests, which would be required for development of a new weapon. For this purpose 90-percent confidence in detecting a single test is much more than is needed because only one violation within a series need be detected. For example, a confidence level of only 30 percent for an individual test would provide an overall confidence level of 90 percent for identifying at least one violation in a series of seven tests. If this standard were to be adopted, a threshold of ten kilotons could be lowered to five kilotons.

Yet opinions divide sharply on this issue. If the object is to maximize the likelihood of detecting a single test in violation of an agreement, then a higher threshold is desirable. If, however, the aim is to detect nearly any violation that could be militarily significant, a lower threshold would be justified.

In sum, the selection of a threshold for a low-yield threshold test ban treaty is not simple. It depends on the quality, affordability and negotiability of the seismic system to be employed, the system's ability to reject the random noise of earthquakes, information about test sites, calibration tests of verifiable yield, an assumption about possible use of cavity decoupling, and the aim of the threshold limit. Moreover, it should be anticipated that the sensitivity of seismic systems will improve in the future, perhaps to the point where all militarily significant tests can be banned.[14] Clearly, such a selection involves a careful fusion of technical, military and political judgments.

## VI

With the foregoing evidence that a threshold in the range of ten kilotons is verifiable with the NTM or the simple seismic system, it may seem surprising that there has been such an intense debate over whether or not the U.S.S.R. has been testing above the much higher 150-kt threshold established in

[14] It is relevant to note, however, that at thresholds below about one kiloton, the occurrence of chemical explosions connected with mining and construction may introduce so many false signals that still lower thresholds would not be practical.

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the Threshold Test Ban Treaty of 1974. Aside from certain political motives, two technical factors are involved. One has to do with the uncertainty over the geological media at the Soviet test sites, since this affects the magnitude-yield relation. Over recent years the evidence has grown that the Soviet tests are less muffled than those at the Nevada Test Site, and a correction has reduced the estimated yield of Soviet tests. Recently the Central Intelligence Agency proposed a 30-percent reduction in yield estimates.[15] This noticeably reduced the number of Soviet tests estimated to be above 150 kilotons.

Yet various U.S. government spokesmen continued to allege that some events remained well above the threshold in violation of the unratified treaty. To understand this claim one must take into account the second factor affecting yield estimates—random error associated with any yield estimate. To illustrate this point, assume that 20 tests of precisely 150-kt yield were detonated at the same site in the U.S.S.R. The estimated yields of these tests determined by our NTM system would spread over a band of values. (This spread would be narrower with more advanced detection systems.) At present this spread, or variance, is taken to be such that there should be a 95-percent probability that the measurements of yields from a 150-kt test would fall within the range of about 75 to about 300 kt. If this is the variance associated with current measurements then it is clear that estimates as high as 200–300 kt could occasionally be obtained from Soviet testing at the 150-kt limit. It is equally true that such results could come from Soviet tests above the threshold. Thus there is currently an indeterminacy with respect to measured yields of tests: this can be narrowed by use of more sophisticated seismic systems with some stations located within the testing countries, but it cannot be eliminated.

In three successive Noncompliance Reports to Congress, which are required by law, President Reagan has stated that the U.S. government has found that a number of Soviet tests constitute a likely violation of legal obligations under the Threshold Test Ban Treaty. The Arms Control and Disarmament Agency defended this position in May 1986 by stating that "the claim of likely Soviet violation was not based solely on seismologically determined . . . . yields but on the full scope of data and analyses available." Most professional seismologists disagreed with this finding on the basis of available seismolog-

[15] *The New York Times*, Apr. 2, 1986, p. 1.

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ical data. Their views and those of government witnesses were presented at hearings before two House committees in 1985 and the Senate Committee on Foreign Relations in 1986. Dr. Roger Batzel, director of the Lawrence Livermore National Laboratory, testified: "Based on our assessment of the relationship between yield and seismic magnitude for the Soviet test site and the pattern of Soviet testing, we have concluded that the Soviets appear to be observing a yield limit . . . consistent [with the threshold test ban]."[16] Moreover, this treaty allowed for occasional small breaches of the limit because weapons designers cannot predict with great accuracy the yield of weapons before testing. There remains a difference in views within the U.S. government. But it appears that the estimates of the yields of Soviet tests above 150 kilotons that can be cited as violations can also be explained by the variance of U.S. measurements plus the possibility of rare exceptions allowed by the treaty. The seismological and other evidence needed to determine which explanation is correct is either nonexistent or not in the public domain.

The U.S. Administration has sought to deal with these differences by introducing new technology. Since any tests above 75 kt may, due to variance in the estimates, occasionally register as high as 150 kt, it has asked the Soviet government to allow U.S. scientists to use a technique known as CORRTEX at Soviet tests to provide more precise yield estimates for tests in the 75 to 150 kt range. The Soviet response has been negative, perhaps because the method is highly intrusive. (It requires lowering an apparatus into a drilled hole only a few feet from the hole containing the nuclear weapon.) Furthermore, agreeing to this procedure locks the Soviet government into a particular interpretation of what a threshold means. At issue is whether to treat the 150-kt threshold as the average value about which tests at that yield would be registered, or if 150 kt is to be regarded as a wall beyond which no yield estimates should be allowed. In this case the maximum yields of the tests that one side could carry out are at the mercy of the variance in the seismic system used by the other side.

Whether such preoccupation with fine-tuning the yield estimates is justified depends on how wide a deviation can be tolerated without it becoming militarily significant. In testimony Dr. Donald Kerr, then director of the Los Alamos

[16] *Ibid.*, p. 10.

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National Laboratory, stated that at the level of 150 kt positive deviations as high as 45 kt would not be significant but those as high as 150 kt would be cause for concern. Moreover, some improvements in the seismic detection system that would follow if the Threshold Test Ban Treaty were ratified could further improve the accuracy of yield estimates.

In short, there is no convincing evidence to show that the Threshold Test Ban Treaty has not been observed for the past 13 years. The uncertainty of yield estimates is within the range that is not considered militarily significant. The risk in ratifying this treaty as it stands would be minimal and the opportunities for improvement that ratification would provide are significant.[17] That additional negotiated improvements would follow is assured by the fact that such improvements would be a condition for further negotiations of a test ban.

## VII

Any new test ban treaty in the context of a larger arms control effort should address several generic problems if it is to contribute to the whole and itself prove durable. It should be designed to survive inevitable difficulties and be sustainable for the long run. It seems unavoidable that the negotiations must fall into two stages: one involving the two superpowers, and perhaps the United Kingdom for historical reasons, and another to accommodate the other nuclear powers. It is reasonable that some incentives and compromises will be necessary to gain the adherence of all the nuclear countries. And a different set of incentives will be needed to attract all or nearly all of the non-nuclear countries.

Beyond this a number of technical requirements are evident: (1) The best affordable seismic technology should be used and provision made for its improvement as the state of the science matures. (2) The location of seismic stations and the transmission and processing of seismic data must meet high standards and be objectively assessed to do so. (3) Permitted testing would have to be restricted to one or two sites in each nuclear-capable country, and there should be full disclosure of the seismic characteristics of these sites together with calibration tests whose yields are certified by other than the host country. (4) The provisions for on-site inspection and other non-seismic

[17] W.H.P. Panofsky, Hearings, U.S. Senate, Committee on Foreign Relations, Jan. 12, 1987.

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techniques would have to be clearly defined and the role of experts from other countries formulated. (5) How the phasing-in of the test ban would relate to progress in the other areas of strategic arms control would have to be agreed upon. (6) Procedures that would greatly improve the resolution of disputes should be a part of the new treaty. (7) The means by which a threshold is verified would need agreement, as would the problem of deciding on the lowest possible threshold. (8) Concerns over reliability of weapons would have to be met not only over the short run but for the indefinite future. (9) Agreement on a fair and acceptable means of allocating costs would be needed.

The negotiations of 1977–80 reached agreement on several of these points. The current proposal of the Soviet Union does not deal with this level of detail. However, the Soviet Union has indicated a new concern with adequate verification. On-site inspections of some type appear to be acceptable. Such provisions in the Stockholm Conference accord of 1986 are a promising beginning. Marshal Sergei Akhromeyev's pronouncements at Reykjavik on what "triple monitoring" meant in terms of verifying weapons reduction would set admirable standards if translated into the test ban context. This should mean a permanent procedure for the exchange of seismic and related data, and an acceptable structure for in-country seismic stations and their upgrading to arrays, in addition to the above requirements.

The current Soviet position on a CTB does not allow for any kind of reliability testing of weapons because the Soviets claim there will be no problem that needs to be addressed in this way. The Soviet moratorium approach, in which all testing would be stopped while verification techniques and all the other requirements are negotiated and put in place through cooperative actions, is not acceptable to the United States today as a route to agreements. Finally, the Soviet proposal does not address the question of lowest allowed nuclear explosions. On the positive side, however, credit should be given to the progress made in the CTB negotiations in the Carter Administration involving the United Kingdom, the U.S.S.R. and the United States.[18] Considerable progress was made there on verification

[18] *Nuclear Arms Control: Background and Issues*, Washington: National Academy of Sciences, 1985, pp. 199–202. Chapter 7 of this book provides useful background to many issues treated here.

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procedures, the establishment of in-country networks, the provision for the international exchange of seismic data and the operation of a committee of experts. Much of this could be adopted in new negotiations.

An alternative would be to ratify the Threshold Test Ban Treaty and then to negotiate successively lower thresholds of permitted testing. If the aim is to move toward conditions that would prevent further weapons development, then lowering the threshold in phase with the detection threshold of the seismic system would be in order. This differs from the Reagan Administration approach in which the reduction in threshold would be in some way proportional to the reduction in nuclear weapons, not to verification capability. But both of these approaches are deficient. Before a step-by-step reduction of the threshold could take place, agreement would have to be reached on the verification procedures and the operational meaning of the threshold. One can predict that there would be long negotiations over each step in lowering the threshold. And each reduction of the threshold would show that each new threshold has its own set of problems. Dealing with these at each stage would be time-consuming and expensive, and would prevent coordination with the major arms control schedules that may have been negotiated.

VIII

An alternative approach can be designed that would address most of the objections raised here but still achieve the traditional goal of a CTB, that is, the halting of significant new weapons development. In formulating this approach compromises are made in the interest of producing a structure that would be attractive to both the United States and the U.S.S.R.—if they were truly committed to the traditional goal—and to other countries as well. This approach assumes that the U.S.S.R. and the United States must take the lead and demonstrate their commitment to reductions and to moving toward much smaller, safer nuclear arsenals. With at least France and the People's Republic of China uninterested in a CTB until the two superpowers have demonstrated their commitment, the United States and the U.S.S.R. would have to negotiate a first phase of a CTB to meet their own requirements. This means agreeing on a stepdown to a lower threshold which they would be willing to accept for the indefinite period that may be required to reach agreement with the other nuclear

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powers on a final, all-inclusive version of the CTB. Finally, this proposal makes the concession that some allowance should be made for reliability testing, but in a way that will not permit new weapons development. The basic elements, apart from many of the requirements listed above, are as follows:

First, the treaty would be initially negotiated bilaterally (between the United States and the U.S.S.R.) as Phase I, and organized in such a way as to ensure coupling to major arms reductions and to allow for subsequent negotiation with the other nuclear powers. Upon signing, the powers would begin to build a seismic network with in-country stations to monitor adequately a threshold in the range of ten kilotons. A threshold of about ten kilotons is a conservative choice, but it has two advantages. It could be readily monitored and, while it permits some testing of a class of weapons components known as primaries or triggers and some battlefield weapons, it disallows testing of most strategic weapons. One of the incentives for the other nuclear countries to negotiate and sign the complete CTB would be to close this gap in the second phase.

Phase I of the treaty should come into effect at this ten-kiloton level only when the two powers have reduced major strategic weapons by, say, ten percent and the seismic network is operating. By that time testing would be allowed only at one or two test sites and an adequate exchange of geological information would be under way. During the preceding interval—at least a year—the testing for developmental programs that are near completion, such as the warhead for small mobile ICBMs, could be finished. As reductions continued, plans for improving the seismic detection system could be implemented and the other nuclear powers could join in the negotiations of Phase II. In an optimal schedule a complete CTB could be negotiated by the time weapons reductions had reached 50 percent, in a total of five years as envisaged at Reykjavik.

Second, only if agreement was reached would the threshold be further lowered. By that time a reliable system that would monitor coupled explosions in the one-kiloton range (in hard rock) should be practical and should be tested and installed worldwide. The negotiating parties would have to decide if such a verifiable limit would eliminate militarily significant explosions. It is likely that the gap between a lowered threshold and such militarily useful tests could be eliminated, but this decision cannot be made in advance. Cavity decoupling would be forbidden. Deciding on the very low threshold, which would

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then become a permanent feature of the regime, would also require consideration of the false alarm problem arising from chemical explosions. In any event the range of uncertain verification would have shrunk from the present 150-kiloton level to a remarkably low level that would hardly justify evasive attempts since the military value of doing so would be negligible or nearly so.

Third, since reliability testing remains contentious and unforeseen needs may arise in the future, a provision for a very small number of tests that could not contribute to significant weapons development should be allowed. This might take the form of permitting two or three tests below a ceiling of 150 kilotons or less within a period of one day once every three or four years. By allowing only two or three tests clustered together, no significant weapons development could occur since the second or third weapon to be detonated could not be reconfigured on the basis of the outcome of the first or second test. Special verification requirements would be needed to ensure that a larger number of smaller explosions were not being carried out.

Fourth, provision would be made for establishing a committee of experts to oversee the exchange of seismic data and the operation of the seismic networks and data processing, to resolve conflicting views of data and of interpretation of the treaty, and to recommend procedures for the prompt resolution of conflicts that it cannot settle.

The scope of this alternative is broad and its enactment would take years. This contrasts sharply with the view sometimes expressed in both the Soviet Union and the United States that the negotiations of a CTB could be completed in a few months. But under present conditions, a treaty quickly arrived at and standing alone would not likely survive the political strains that would engulf it. The lower threshold would invite far more claims of violation than we have seen up to now. The profound change in the nuclear testing pattern required to end further development of nuclear weapons worldwide is a heroic undertaking; it requires a commitment to move decisively on the comprehensive control of nuclear weapons. Such commitment can only come from the realization that a new regime of nuclear weapons reduction and control is more desirable than continuing the present qualitative arms race at high cost and unnecessary risk.

The present development of nuclear weapons is sufficiently

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advanced to provide all that is needed to maintain nuclear deterrence for as long as necessary. Within such a framework, a test ban treaty that has the character of a caretaker regime would ensure the reliability of the deterrent without further weapons development, and at minimal risk and cost. A test ban of the kind described, modified as political reality may require, can play an essential role in such a new arms control regime. Since the last attempt to negotiate a CTB treaty ended in 1980, seismology has improved, weapons development has matured still further, more near-nuclear countries are edging toward a decision to go nuclear, and the United States, the Soviet Union and their allies support a broad movement toward a nuclear balance at successively lower levels and greater stability. The conditions are ripe and the need is evident for another try.

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*C. Fred Bergsten*

# ECONOMIC IMBALANCES AND WORLD POLITICS

The unprecedented international imbalances of the first half of the 1980s have fundamentally altered the structure of the world economy. The United States, the creator of the postwar economic system and home of the world's key currency, has become the largest debtor nation ever known to mankind—and its red ink will continue to flow at least into the 1990s. Japan, widely viewed as a developing country only a generation ago, has become by far the largest creditor—and its massive buildup of foreign assets will continue expanding rapidly as far ahead as one can predict. The actions taken to date to correct these imbalances have gone only about half the distance needed, so there is now no prospect for their early elimination—and very little for steps to cope with the structural transformation they will bring. The forces set in train by these historic changes will dominate the course of global economic events for the next five to ten years, and may go far to influence world politics as well.

The trade deficit of the United States reached about $150 billion in 1986.[1] By the end of this decade the net indebtedness of the United States will substantially exceed half a trillion dollars and the country will be paying tens of billions of dollars to foreign investors in servicing costs. America's oil imports may again rise sharply, certainly in terms of volume and perhaps price as well. To restore balance the United States therefore must improve the rest of its yearly current-account balance by approximately $200 billion. The vast bulk of this improvement will have to come in trade in manufactured products, the

[1] Computed according to the most accurate system, i.e., the balance-of-payments accounting basis. The deficit was even higher, at about $170 billion, with imports counted to include transport costs, as in the initial monthly releases of the Commerce Department as mandated by Congress.

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very sector decimated by the overvalued dollar in the first half of the 1980s.

The trade surplus of Japan is running close to $100 billion a year. By the early 1990s, Japan will be a net creditor of at least half a trillion dollars—mirroring to an astonishing degree the American red ink. Japan's annual investment earnings will grow to between $25 billion and $50 billion within the next five years. Japan must therefore accept a decline of around $100 billion in its annual trade balance (also mainly in manufactured products) to restore reasonable equilibrium.

These shifts will be dramatically different from all previous economic episodes because of the sheer size (and perhaps speed) of the changes required and of the extent of the needed role-reversal between the world's two largest economies. It is historically and arithmetically certain, however, that adjustments on this order of magnitude will occur. But will the adjustments be made in time to avert severe international economic disruption triggered by a free-fall of the dollar, a massive outbreak of American protectionism or a deep global recession—or all three? Will they occur constructively, by a speedup of growth abroad and further orderly changes in exchange rates, or instead by an American recession, which could drag down the world economy and reignite the debt crisis of the Third World?

Unprecedented geopolitical questions arise. Can the world's largest debtor nation remain the world's leading power? Can a small island nation that is now militarily insignificant and far-removed from the traditional power centers provide at least some of the needed global leadership? Can the United States continue to lead its alliance systems as it goes increasingly into debt to the countries that are supposed to be its followers? Can it push those countries hard in pursuit of its economic imperatives while insisting on their allegiance on issues of global strategy? If the United States turns increasingly protectionist and thereby disrupts the trading system, can it hold its allies together in managing the security system?

There may be political pressures within the United States for the nation to turn its back on a continuing global security role—as happened with the proposed Mansfield Amendment to reduce troops in Europe in the early 1970s—if the allies resist facilitating the essential correction of America's economic imbalances or seek to turn the weakened U.S. position to their advantage. Questions will be raised as to why America should pay to defend countries that are now, at least according to the

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published statistics, richer than it is. This could turn out to be true particularly in the case of Japan, toward which historical and even racist resentments have been revived by the economic disputes.

The United States could decide to condition the continued American protection of its European and Asian allies on a display of economic cooperation far greater than any they have shown to date—rejecting the compartmentalization of security and economic matters that has facilitated the management of both concerns for a generation, and the primacy always heretofore accorded to security when that compartmentalization broke down. Or the United States could pursue the massive cuts in strategic forces discussed at the superpower summit at Reykjavik—sharply enhancing the importance of conventional forces, which the Europeans would largely have to provide and pay for themselves.

Moreover, there will be enormous psychological effects in both the United States and Japan, going far beyond the economics of the situation. The United States is the world's largest debtor but it continues to think like a creditor—dispensing advice to the rest of the world (particularly the other, mainly Latin American, debtors) while its own budget remains in huge deficit, and, in the recent past, propelling its currency to levels that priced U.S. industry and agriculture out of world markets. Japan is the world's largest creditor but continues to think like a debtor, seeing itself as a vulnerable island nation with few global responsibilities. The implications for world leadership, or lack thereof, are profound and far-reaching.

It is obvious that the United States can no longer play the role of global economic benefactor. It is unclear whether America's present political leadership position can be sustained in an environment so radically different from that on which the postwar order was founded. The development of a new means of pluralistic security leadership, as well as of a more cooperative economic leadership, may finally be made inevitable by the massive economic shifts of the 1980s.

After half a decade of permitting the imbalances to build, with only inadequate rearguard actions taken in response, the world thus faces a set of interconnected watersheds: economic; political, both domestically and internationally; and psychological. A new structure of economic relationships and power positions is rapidly emerging, and may be ushering in deep political and security changes as well. A series of immediate

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measures is needed to avert the risk of severe crisis, and I will address these first. The systemic implications of the situation may be even more profound and difficult, and these will be the focus of the latter part of my analysis.

II

The objectives of international economic policy in the short run must be two-fold. First, the world must avoid an outbreak of trade protectionism of such severity that it would disrupt the entire global economy, intensify the Third World debt crisis and jeopardize the alliances of the non-communist world as well. Second, it must avoid a dollar collapse that would ignite global financial instability and renewed inflation. Either of these developments, which could occur separately or in tandem, could in turn trigger a world recession or worse.

To prevent such an outcome, it is essential to achieve a sharp and sustained decline in, and perhaps the eventual elimination of, the American trade deficit. The postwar history of American trade policy shows that the exchange rate of the dollar and the level of the balance of trade are the best leading indicators of protectionist pressures, a correlation that was never stronger than over the past few years.

The test is not solely, or even primarily, whether the Congress ultimately passes "protectionist" legislation—though its doing so could trigger a global crisis. This Administration, like its predecessors, has done most of the dirty work already by adding new trade barriers under the threat of such congressional action.[2] The continued granting of sector-by-sector restrictions, which has substantially accelerated the retreat from free trade, could at some point set off a full-scale trade war.

It would be absurd for the United States to prompt such an outcome just when the fall in the dollar has begun to restore American international competitiveness, and thus when *other* countries can be expected to experience intensified protectionist impulses. Fortunately, the debate, both in Congress and among the public, seems to be moving toward a focus on strengthening American competitiveness rather than blocking the access of foreign goods to U.S. markets. But any of several developments could ignite a highly destructive and perhaps irreversible trade disruption: a few months of bad trade figures;

[2] I. M. Destler, *American Trade Politics: System Under Stress*, Washington: Institute for International Economics/New York: Twentieth Century Fund, November 1986.

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a failure to discover effective ways to buttress the underlying ability of the United States to sell abroad; continued political unwillingness to deal with the budget problem, which lies at the heart of the trade deficit; an effort to deal with both deficits by taxing foreign exporters through a new "revenue tariff" (i.e., an import surcharge); or a foul-up, either at home or abroad, in managing the growing number of sector-specific trade conflicts. The race between constructive adjustment and such a disaster remains to be won.

Foreign investors could begin to forsake the dollar unless the trade deficit is decisively reduced. In that event, the currency markets could push the dollar down much further, and perhaps much faster, and the United States might have to raise interest rates sharply to finance the deficit. Such a financial crunch could revive rapid inflation in the United States for a while and push up inflationary expectations even more, thereby reinforcing the rise in interest rates, and simultaneously create a recession, perhaps of fairly great magnitude.

In essence, America must aim for export-led growth for the rest of this decade and into the early 1990s. Most economic forecasts for 1987 and 1988 are already relying on a substantial improvement in the U.S. trade balance to avoid recession. But it will take at least five years of trade gains to halt the deterioration of America's international financial position. It must be a central goal of the national agenda—for foreign policy reasons as well as economic ones—to achieve such an outcome.

I believe that the American trade deficit will decline substantially in 1987 and 1988, perhaps on the order of $30 billion in each year. By early 1987 the dollar had fallen by about 35 percent against the currencies of Japan and Western Europe—the surplus countries whose trade deterioration must mirror the bulk of the American correction. (The South Korean won and, especially, the Taiwanese dollar, were also on the way up—but not until quite recently and to a limited extent, so without yet much impact on trade flows.) It normally takes 12 to 18 months for currency changes to produce improvements in recorded trade balances, and the lag could be even longer this time because the dollar was so overvalued at its peak that foreign firms built enormous profit margins and did not have to raise their prices for some time. The economic adjustment to the dollar's fall began only after the Group of Five leading industrial nations (G-5) announced, at the Plaza Hotel in New York, their intention to bring the dollar down, substantially

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and to stay. Since this Plaza agreement was not realized until September 1985, no one should have expected much improvement in the trade balance until 1987.

Indeed, the flattening of the deficit throughout 1986—compared with a trajectory heading toward $200 billion or more[3]—already represented substantial progress. Real net exports began to improve in the fourth quarter of 1986, accounting for all of the meager expansion of total GNP in that period. The United States achieved export-led growth between 1978 and 1980—with exports growing twice as fast as world trade and the current-account balance improving by over $50 billion (excluding the adverse price effect of the second oil shock)—so, clearly, it can be done.

Such an improvement in the American trade balance should help reduce the pressures for irrational trade actions and a precipitate decline in the dollar. However, my estimates are admittedly on the optimistic end of the spectrum and some experienced observers, including the economists of the International Monetary Fund and the Organization for Economic Cooperation and Development, foresee very little improvement in the American position coming from the adjustment actions taken so far. Even on my forecast the deficit would still be close to $100 billion. And it is unclear whether trade politics and the currency markets will be dominated by a declining trend in the U.S. trade deficit or by a level that remains huge by historical standards. Timing is also crucial: Will the decline in the trade imbalance, even if it does occur, arrive in time to produce a significantly better environment before the dams break?

These uncertainties underscore the need to correct the imbalances as rapidly as possible. The United States could conceivably borrow new funds abroad to service its escalating foreign debt for a while, as many Third World debtors have done. But this would simply build up the debt and its servicing costs further, and increase the magnitude of the required adjustment. Considerations of economic and foreign policy, even of national security, strongly suggest making every effort to avoid such a predicament.

Both the United States and its friends and allies abroad have an enormous interest in constructive resolution of these prob-

[3] Stephen Marris, *Deficits and the Dollar: The World Economy at Risk*, Washington: Institute for International Economics, December 1985.

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lems. In the absence of such a response, the entire world economy could be badly shaken—with substantial costs to all countries, particularly those more dependent on trade than is the United States. As noted, fundamental security structures could be jeopardized—again, with high costs to all involved but with the highest costs to those nations that are most exposed. It would appear that all countries, at least all those outside the communist world, must share these objectives and cooperate in achieving them. But this seeming imperative clashes directly with the unwillingness, or political inability, of the major countries to take, to date at least, any of the required actions to anything approaching the needed degree.

By following its present policies the United States will continue to run the huge deficit in its federal budget that, as I have mentioned, lies at the heart of its trade imbalance. It was the enormous growth in the budget deficit in the first half of the 1980s, coupled with normal levels of private demand and savings, that produced the present situation, in which Americans are spending far more than they produce and hence running a gargantuan trade deficit. Because the government deficit soaked up a large share of America's paltry private savings, the excess spending had to be financed from abroad—the capital inflow that quickly turned the United States into a debtor country. Indeed, the source of the "miracle" of supply-side economics has now been revealed: foreigners supplied many of the goods and most of the money. If the policies of the 1960s and 1970s were "spend and tax," the policies of the 1980s were "spend and borrow."

The budget deficit and trade deficit are both likely to fall by about $30 billion in 1987. Hence the United States may enjoy an optimum balance this year between internal and external adjustment. But the budget imbalance could rise again in future years unless the President and Congress soon settle their differences on *how* to reduce it. If they do not, a cut in the trade deficit of anything like the magnitude needed, because it would reduce the associated capital inflow by a like amount, could occur only with very sharp cuts in consumption and investment by private Americans. The goal should be to cut the budget gap by at least another $100 billion by the early 1990s to make room for the needed gains in the trade balance without "crowding out" the private sector. Such crowding out would be an ironic legacy of Reaganomics.

From the surplus side, Japan and West Germany (as the

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proxy for Western Europe as a whole, since the entire region's growth performance depends heavily on Germany's) do not look any more promising. Each country appears to be growing at a sluggish annual rate of two percent or even less. Neither has had the growth spurt that, according to the normal pattern, should have followed the world recession of 1982; only the United States experienced such a spurt, growing at over six percent for 18 months in 1983 and 1984—thereby providing welcome impetus to the world economy but adding further to its own trade deficit in the process. As a result, unemployment remains at unprecedented levels throughout Europe and has reached a postwar high in Japan. Yet both countries resist providing significant new stimulus.

In both Japan and Europe the goal should be a further expansion of domestic demand by about two percentage points per year for a couple of years. This would permit the essential international adjustment to take place in an environment of renewed growth rather than recession. When completed, it would also promote an improvement of about $40 billion annually in the American trade position.

Tax cuts are probably the best way to achieve the bulk of this growth. In Japan this could be engineered by deferring for a couple of years the planned value-added tax (VAT) included in the government's new tax reform program—which could thereby couple reform and stimulus. (The stimulus to be derived by deferring the VAT would be especially great, as spending would undoubtedly be accelerated by a consumer desire to make purchases before the imposition of the tax.) Germany should both bring forward and substantially expand its tax reduction scheduled for early 1988. Neither country would suffer adverse effects from such efforts, as their inflation rates are virtually zero and their high national rates of savings can easily finance any temporary negative impact on the budget. Nevertheless, little action appears in the cards. If changes along these lines in the "fundamentals" do not transpire, the only alternative is further—perhaps substantial—change in the exchange rates, in spite of any efforts that the G-5 may take to stabilize them.

However, assuming American movement on the budget and action abroad along the lines just indicated, the exchange rates of early 1987—the dollar at about 1.80 West German marks and 150 Japanese yen—are nearly correct for now (although the yen, at least, will probably have to continue appreciating

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over the foreseeable future). Without such steps, the yen would need to rise beyond 140 to the dollar, and the mark to perhaps 1.60 to the dollar, in the near future. Such currency movements would risk triggering a precipitate plunge of the dollar.

In political terms, the short-run problem comprises three conflicts. First is the American Congress versus the Reagan Administration: the former may well "go protectionist," or force the latter to do so, if the Administration cannot come up with an effective alternative to reduce the trade deficit. Second is the Administration versus the Federal Reserve Board: the Fed does not want the dollar to drop too far too fast, so the Treasury must look for alternative ways to achieve much of the adjustment. Third is the United States versus the surplus countries; they are pressed to increase domestic demand to take pressure off the currency markets and defuse congressional temptations to impose restrictive trade legislation.

The obvious political solution is for each of the actors to make a contribution. The Administration and the Congress must together get the federal budget under control, trimming further the growth in both defense expenditures and entitlement programs while raising revenues as well. The Federal Reserve may have to allow a further fall in the dollar, while carefully managing such an adjustment to keep it orderly. Japan and Germany, providing an example and an incentive for the rest of Europe, must cut taxes and foster more growth. In the absence of such a package, either worldwide trade protectionism or a collapse of the dollar would occur within the next couple of years—probably pushing the world into recession.

The international effort to deal with the huge trade imbalances—launched at the Plaza in 1985—has thus gone only about half the needed distance. In this sense, it bears an ominous similarity to the Smithsonian agreement of December 1971, which sought to resolve the most serious international monetary crisis experienced in the postwar period until now. In August 1971, President Nixon shocked the world by imposing an import surcharge and declaring that dollars held by foreign central banks would no longer be convertible into gold—in essence, floating the dollar. Currencies were then realigned in an attempt to resolve the problem—centering, like today, on a huge (for the time) American external deficit and corresponding Japanese and German trade surpluses. Mr. Nixon labeled the outcome "the most significant monetary agreement in the history of the world."

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However, the Smithsonian agreement collapsed in just over a year because the countries went only half the distance needed to correct the imbalances. They had agreed to devalue the dollar by ten percent; but by early 1973 it became necessary to double that realignment to restore balance in the international accounts and to stave off renewed currency runs and protectionist pressures in the Congress. One consequence was the final discrediting of the Bretton Woods system of fixed parities and its replacement by floating exchange rates.

The parallels between conditions in 1971–73 and today are extensive and disturbing. The American trade deficit—even if my relatively optimistic forecast is correct—will, if present policies are continued, be cut by less than half and will remain uncomfortably near $100 billion. The Japanese surplus will remain well above $50 billion (although declining by more in yen and volume terms). Hence the adjustment actions adopted so far to deal with the imbalances of the mid-1980s have also gone only about half way. Failure to take further action could bring on the crises that were so narrowly averted in the early 1970s, and—again—a demise of the existing international monetary system.[4]

But complacency and inaction seem to have set in. The Plaza agreement appeared to replace the belligerent noncooperation policy of the first Reagan Administration with a return to the international economic cooperation that was common in the 1960s and 1970s. Within a few months, however, the Plaza spirit of collaboration evaporated. The G-5 countries had been able to agree in September 1985 that the dollar was too high and had to decline, but they quickly proved unable to agree on (1) how far it should fall and (2) what complementary measures should be adopted to limit the extent of the dollar's fall, and enable it to fall in an orderly way.

Anti-Plaza conflict soon emerged. American officials continued to talk the dollar down, while central banks in Japan and Europe bid it up. Clashes over national economic policies deteriorated into public shouting matches among the major countries, jolting the markets and conveying a specter of total disharmony. At the meeting of the G-5 in February 1987 an atmosphere of cordiality returned, but without much sub-

[4] A more detailed analysis can be found in C. Fred Bergsten, *Crisis and Reform of the International Monetary System*, The Ernest Sturc Memorial Lecture, Washington: School of Advanced International Studies, The Johns Hopkins University, Nov. 13, 1986.

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stance—and even the United States seemed resigned to the inadequate results of the efforts of the previous 17 months.

The outlook is therefore discouraging, even for the short run. Continuing huge American trade deficits, even if reduced considerably from the level of 1986, will provide fertile soil for trade protectionism and will be a steady source of potential disruption of the entire trading system. As long as the United States needs to borrow $100 billion or so annually to finance those deficits, international monetary instability will threaten, and a sharp fall of the dollar could precipitate a financial crunch at any time. Most Japanese forecasts envisage continued large surpluses for Japan, and some see its creditor position rising to more than $1 trillion by the year 2000. Policy conflict among the major countries is likely to persist, further eroding the fabric of international economic cooperation that has been crucial to building postwar prosperity and avoiding a return of the economic warfare of the 1930s. Global security arrangements, already jolted in their NATO dimension by the Reykjavik summit and discord over arms control, would inevitably erode as a result of such economic disharmony.

III

Even if adequate measures are adopted to resolve the immediate problems, the United States, Japan and, to a lesser extent, the European countries must undergo enormous structural changes to maintain international economic stability for the longer haul. For most Americans, the new situation will represent a dramatic reversal of the 1980s. Even after the end of the boom of 1983–84, domestic demand in the United States—for consumer goods, plant and equipment investment, government programs—has risen at a healthy rate of between 3.5 and 4 percent annually. However, domestic production (the gross national product) has only been rising at an annual rate of about 2.5 percent. The remainder of domestic demand has been satisfied by goods and services produced abroad. It is fun while it lasts, but no country can forever live beyond its means as the United States has been doing.

All this must reverse by the 1990s. To run a trade surplus, America will have to produce *more* than it spends. The United States will have to churn out goods and services for use in other countries rather than at home. To finance the economy with domestic resources, Americans will have to save much more,

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or cut the budget deficit substantially, or, much less desirably, slash U.S. private investment.

This would be a huge adjustment, even for an economy as large as America's. The shift of resources into export and import-competing products will amount to between four and five percent of the total U.S. GNP, or about two thirds of the total defense budget. It is a far larger adjustment than that required to meet either oil shock of the 1970s.

Achieving this new state of affairs would in turn require major alterations in the structure of the American economy. Virtually all of the trade improvement must come in the manufacturing sector, since agriculture faces a persistent world glut and the services account (which includes the growing burden of interest payments on the foreign debt) will be worsening. Such a shift would require an expansion of about 30 percent in the capacity of the U.S. manufacturing industry over the next five years, which in turn calls for considerable new investment. The budget deficit must come down to permit funding for such investment without continued reliance on funds from abroad—a reliance that, by definition, would mean that the trade deficit was failing to improve.

These essential structural changes in the American economy will have to be mirrored by changes of at least equal magnitude in the major countries abroad. The most dramatic case is Japan, where there is widespread fear of deindustrialization of the home islands as the yen soars and the newly industrialized countries (NICs) of East Asia seize new markets every day. The "hollowing out" of the Japanese corporation is foreseen, as many world-class Japanese firms move their production abroad and import more and more components—despite the highest unemployment level in postwar Japanese history and growing erosion of the lifetime employment system. Indeed, Japanese labor has begun to complain of an "export of jobs."

During a transition period of four or five years, the growth rate of the Japanese GNP will be reduced by approximately one percent a year due to the decline of its trade balance. The growth rate of the Japanese manufacturing sector will be cut roughly in half. For the long haul, Japan will have to generate enough domestic demand to sustain its economic growth at a politically acceptable level. Doing so will require it to continue cutting its savings rate or, far preferably, to find new sources of domestic investment. Its corporations will have to alter their strategies drastically; most of the Sonys and Nissans will no

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longer be able to maintain global leadership primarily by selling worldwide from Japan, but will have to re-tool for the home market or, increasingly, produce abroad.

Fortunately, there are enormous sources of pent-up demand within Japan. The average Japanese home is half the size of the average American home, and more than half of Japanese homes do not have modern plumbing. Japan could launch a ten-year housing boom, which would encompass enormous demand for appliances and other household items as well as for the residences themselves. The high price of land is often cited as an insurmountable barrier to such a strategy, but Japanese land prices are largely a function of inefficient land use—rice paddies in major cities due to huge farm subsidies, building codes that limit dwellings to one story to let sun shine on the other side of the street, property taxes with very low or zero effective rates—rather than physical shortages. Indeed a Japanese housing boom could be a major source of world economic growth, as well as an effective way to deploy Japan's large savings for domestic purposes rather than for the purchase of assets abroad, which promotes a large trade surplus.

The Japanese history of rapid response to external shocks is a source of confidence that, once again, they will be able to do what is necessary. However, the current adjustment will be much more complex than those accomplished in response to the oil shocks of the 1970s—when Japan responded mainly by doing more of what it had been doing already, i.e., exporting. Moreover, many Japanese believe the country has "used up" much or all of its scope for government stimulus due to the huge national debt from large budget deficits in the 1970s.

Japan must therefore make far-reaching changes in its basic economic structure. It could of course enable its exports to continue growing by promoting a dramatic increase in imports of both manufactured and agricultural goods to help satisfy higher levels of domestic consumption. This approach would also require tremendous structural changes, however, since Japan's import level—contrary to much foreign rhetoric and some analysis—does not appear very different from that of other countries when proper account is taken of its lack of natural resources and distance from world markets.[5]

The financial side of the future trans-Pacific equilibrium is

[5] C. Fred Bergsten and William R. Cline, *The United States-Japan Economic Problem*, Washington: Institute for International Economics, revised, January 1987.

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also worthy of note. America's net foreign debt is now about $250 billion and Japan's net asset position is almost as large. By the early 1990s America will be a net debtor of at least $500 billion and Japan will be a net creditor of a very similar magnitude. In essence, Japan will own a sizable stake in America and the United States will be significantly in debt to its major Pacific ally.

A crucial question is how their creditor-debtor relationship will affect overall relations between these two largest economies in the world. Paradoxically, the huge debtor position of the United States provides it with added leverage in an extreme crisis. If Japan owned half a trillion dollars' worth of investments in the United States, an American default or freeze of Japanese assets would be acutely damaging to Japan. A large depreciation of the dollar could also cause the Japanese economy considerable pain (although, in the case of the dollar's recent decline, sophisticated hedging techniques, Japanese accounting rules and relatively higher American interest rates have limited the impact on Japanese institutional investors).

Such action, while remote from daily financial activity, should not be regarded as unthinkable. President Nixon partially defaulted on more than $100 billion held by foreign central banks in 1971 when he declared those assets inconvertible into American gold after almost four decades of promises to the contrary. Mexico and Brazil never shrink from reminding their creditors that ultimate power lies with the large debtor, and they extract numerous concessions as a result. Any Japanese political or financial leader pondering a major policy change that would run against American interests, such as a reversal of alliances or a sudden move out of dollar investments and into other currencies, would have to take account of the risk of triggering such a reaction—as Arab dollar holders evidently have done, particularly after observing the American freeze of Iranian assets in 1979.

In the course of normal economic activity, however, the creditor holds the greater leverage. The U.S. Treasury has already had to adjust to Japanese sensitivities in structuring its auctions of American government securities, and the risk of a Japanese investment pullout has reinforced at least some U.S. authorities' reticence to let the dollar fall too far or too fast. As the stock of Japanese holdings of dollar securities of all types rises, such catering to their concerns—and those of other foreign investors—will rise at least proportionately.

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There is a possibility of steady downward pressure on the dollar resulting from the concern of foreign creditors over the huge debtor position that Americans will face in the 1990s and beyond. More likely, though, debtor status will not constrain U.S. policies if the American external position is in rough balance and international confidence is maintained in underlying U.S. policies. The problem is that every country inevitably experiences periods of external imbalance and unsatisfactory domestic performance, and that the huge debtor position will then add considerably to the impact of a loss of confidence abroad. In fact, the United States experienced just such pressures in 1978–79 when it was still a net creditor, and Germany had to cope with a decline of foreign mark balances in 1980. In essence, the "dollar overhang" issue will return, perhaps with a vengeance. America's economic policy, and perhaps its foreign policy as well, may thus be increasingly constrained by the need to take its creditors' views into constant account.

The most important implication of this deep Japanese financial penetration of America, however, will be a further increase in the interdependence of the two countries. Japan will become as hooked on its American investments as it has already become on the American market, and as the United States has become on Japanese financing for its twin deficits. As with mutual nuclear deterrence, each country will be able to inflict severe damage on the other—though only at huge cost to itself. The two nations, so different in so many ways, will thus be forced by economic imperatives to learn to live together more harmoniously if they wish to avoid major conflict.[6]

## IV

The other structural change that is needed for the longer run involves the international monetary system itself. The events of the 1980s make clear the failure of unmanaged flexibility of exchange rates. The unprecedented magnitude of the exchange-rate imbalances and the required adjustments indicates how inadequate the system has become in achieving its central objective of a stable and balanced world economy.

The Bretton Woods system of fixed exchange rates collapsed in 1971–73 because it had permitted the dollar to become overvalued by about 20 percent. The floating rate system that

[6] These issues are analyzed in depth in C. Fred Bergsten and Shafiqul Islam, *The United States As a Debtor Country*, Washington: Institute for International Economics, forthcoming.

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followed, however, permitted the dollar to become overvalued by more than 40 percent. This result alone is a fatal indictment of the present regime, the source of spreading dissatisfaction throughout the world and a spur to the search for a better alternative. Indeed, the finance ministers of the G-5 nations admitted at the Plaza in 1985 that convergence of national economic performances had not achieved international monetary stability, as they had been promising it would, and that direct governmental intervention was required.

The monetary system has also failed to defend an open system for world trade. Protectionism has been on the rise for at least five years and constantly threatens to erupt in a manner that could destroy the existing framework. The launching of the Uruguay Round in the General Agreement on Tariffs and Trade (GATT) could help to reverse this momentum, but a definitive resumption of the postwar movement toward free trade can be restored only with a lasting return of accurate currency relationships and monetary stability.

It is a paradox of the 1980s that international capital flows have been increasingly liberalized while international trade has been increasingly protected. There would seem to be a causal link between the two trends: the added scope for capital flows accelerates the fluctuation of exchange rates, often driving currencies away from levels that would tend to restore trade to equilibrium, thus bringing on the huge trade imbalances that intensify protectionism.[7] It would be far better to reform the monetary system than to reverse the liberalization of capital flows, but one of these two courses will be necessary to avoid continued movement away from open trade.

The third criticism of the current monetary system is its failure to affect economic policy in the major countries. Some observers absolve the system, charging that it is faulty national policies that have caused the imbalances of the 1980s. Some go further, arguing that no system could have withstood the pressures created by the opposite movement of fiscal policies in the major countries (into massive deficit in the United States,

[7] Lasting exchange-rate imbalances trigger protectionism in surplus as well as deficit countries. Investments within surplus countries are made in industries that can compete internationally only because of currency undervaluation, and these industries must later seek government relief when the inevitable adjustment occurs—as in Japan today. Moreover, the protectionist pressures that arise in deficit countries are seldom reversed when their currency overvaluations are eliminated. This "double asymmetry" is analyzed in C. Fred Bergsten and John Williamson, "Exchange Rates and Trade Policy," in William R. Cline, ed., *Trade Policy in the 1980s*, Washington: Institute for International Economics, 1983.

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sharply lower deficits in Japan and Germany) and those countries' neglect of the international impact of their actions.

I certainly concur in the indictment of many recent policies in the major countries. But to segregate national policies from "the system" is to set up a false dichotomy. No international system is worthy of the name unless it has consequential impact on national policies and tilts them in the direction of greater international compatibility—and thus sustainability.

Indeed, many previous and current systems have done so to a significant decree. Under the fixed-rate rules of Bretton Woods, most countries consistently met the obligation to defend their currency parities. (In fact, they did so too well; the system collapsed because of inadequate currency flexibility.) Most of continental Europe does so now under the adjustable-peg requirements of the European Monetary System. Trade policy in almost one hundred countries is determined importantly by their international obligations under GATT and the costs (via compensation or retaliation) of taking trade actions that violate those commitments.

The need for such systemic influence is particularly acute in the United States. As the largest and most self-sufficient national economy, the United States is quite naturally tempted to try to export its internal problems more than most countries—and it usually succeeds for longer periods of time (as in the late 1960s and early 1980s, when foreigners financed the growing U.S. budget and external deficits). But the chickens eventually come home to roost even for the United States, which then—as with the Smithsonian agreement in 1971 and the Plaza agreement in 1985—must seek international action to rectify its external difficulties.

The history of U.S. foreign economic policy over the past generation shows that every administration, Republican or Democratic, has begun with essentially unilateral efforts to impose its macroeconomic and monetary views on the rest of the world. The inevitable failure of these efforts then forces the incumbent administration to a resort to pluralistic cooperation—President Johnson's to two-tier gold in 1968, Nixon's to the Smithsonian accord and the negotiated realignment of 1973, Carter's to the Bonn summit and dollar defense program of 1978, Reagan's to the Plaza agreement. Once achieved, the focus on international cooperation tends to remain intact for the remainder of that administration. But the successor regime forgets or rejects the lessons of the past, and the dreary cycle

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is repeated once more.[8] To help forestall this seemingly endemic American pattern of retrogression, and thereby to promote their own vital interest in achieving a more consistent system of effective global cooperation, the other major countries should seize with alacrity recent offers made by the United States to work out more permanent systemic rules via agreed "reference ranges" for currency relationships.

The issue is not *whether* the United States and other countries will adjust to the realities of global interdependence. Though countries cling jealously to absolute nominal sovereignty, real economic sovereignty has long since eroded substantially. Despite the periodic efforts of governments to play King Canute, they cannot escape from reality. Policies must be internationally compatible to be sustainable, and to avoid levying huge costs on all parties. The only question is one of timing: whether countries will adjust in a reasonably timely and efficient manner, or try to fend off the inevitable for so long that huge costs arise and crises erupt.

One would hope that the international economic crisis of the late 1980s, like that of the early 1970s, will lead *inter alia* to the creation of a new international monetary regime—and, this time, to one that is more stable and lasting. There is no need to return to fixed parities. There is enormous need to avoid future massive misalignments such as we have seen in the recent past, which carry such heavy costs for surplus and deficit countries alike. The goal should be a synthesis between Bretton Woods, which became too rigid, and the flexibility of the current regime, with its endemic overshooting and misalignments (and, some say, excessive volatility).

There are numerous ways to achieve such a synthesis. The most promising is to adopt a framework of target zones, under which the major countries would agree on targets for their external positions and then set currency margins of perhaps 15 to 20 percent to help achieve such outcomes. For example, if domestic policies of the type I have recommended were adopted, today's target zones might range between 135:1 and 165:1 for the yen-dollar ratio—compared to a range of between 150:1 and 165:1 suggested by the U.S.-Japan agreement in October 1986—and between 1.60:1 and 2.00:1 for the mark-dollar ratio. The authorities would alter the ranges over

[8] C. Fred Bergsten, "America's Unilateralism," in *Conditions for Partnership in International Economic Management*, New York: The Trilateral Commission, 1986.

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time to reflect differential inflation rates, differences in productivity growth, and shocks (such as large oil price changes) which would have different effects on the various currencies. The yen-dollar zone, for example, might move upward to perhaps between 110:1 and 130:1 by 1990 if Japan continued to experience higher productivity growth and lower inflation than the United States, and to compensate for Japan's growing investment earnings and the growing U.S. interest payments.

Floating would remain the day-to-day norm, but authorities would act whenever rates moved toward the edges of the zone. They could start with Plaza-type jawboning and intervention, and make changes in monetary policy if necessary. Fiscal and other policies would then be adjusted to maintain internal stability. In essence, the world's economic managers would view the whole array of potential policy instruments through the lens of the exchange rate and use whatever tools were appropriate at a given time to achieve their internal and external economic goals. Once the regime was in place and seen to be working, because governments were prepared to alter policies to defend the zones, private capital flows would become stabilizing—rather than destabilizing, as with the "bandwagon" capital movements under unmanaged floating—and would reduce the need for further official intervention.

A second major issue will affect the future functioning of the international monetary system: the respective roles of the dollar and yen in light of the huge structural changes in the international economic positions of the United States and Japan. The dollar has remained supreme, despite repeated bouts of American economic instability and external deficits over the past 30 years, primarily because of the lack of competition. The mark substantially increased its role in the late 1970s, but Germany, which has only recently begun to liberalize its relatively small financial markets, is so dependent on exports that it could never tolerate currency overvaluation, is hampered from taking on global responsibilities by its membership in the European Monetary System, and is much smaller than the United States and strategically vulnerable in any event.

The yen, however, could offer a real alternative to the dollar in the 1990s. Japan's economy is already at least half the size of the United States' and will probably continue to catch up. Its per capita income, at least statistically, equals America's and will move increasingly ahead if the yen continues to appreciate. Japan's foreign-exchange reserves are far greater. The Tokyo

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market and Japanese financial firms are rising to global prominence with breathtaking speed. Behind all this lies Japan's enormous creditor strength.

The yen will certainly not replace the dollar, but it will probably soon pass the mark as the second key currency. The new "multiple currency system" may largely amount to a bipolar financial world centered on New York and Tokyo. The major risk implied by such a prospect is greater exchange-rate instability, as it becomes ever easier to move from one key currency to another. The growing financial interdependence between the United States and Japan thus adds enormously to the need for adoption of new international arrangements—particularly between the United States and Japan—to avoid recurrent monetary problems, and the trade and economic difficulties that demonstrably accompany them.

## V

Politics are obviously central to the adjustments needed to avoid short-term economic crises, to meet the changing structural requirements of the world economy and to improve the functioning of the system itself. The postwar norm for economic negotiations has been multilateralism: major decisions have been made by groups of countries, either within the framework of international organizations (i.e., the International Monetary Fund, GATT and the World Bank) or within limited groupings (the Group of Five, the Group of Ten, etc.). This remains the preferred approach, for reasons of both economic coverage and political comity. But the present-day institutions are not working well and some countries are not pulling their weight. Alternatives must be examined.

The question thus arises as to whether a bilateral U.S.-Japan "Group of Two," as launched in embryonic form by U.S. Treasury Secretary James Baker and Japanese Finance Minister Kiichi Miyazawa on October 31, 1986, should attempt to provide new leadership of world economic affairs. Any such effort would of course be informal and remain open to the participation of nations willing to make comparable contributions, as was explicitly the case with the initial Baker-Miyazawa accord. The two countries would make clear, however, that they were prepared to proceed on their own if others would not come along.

The case for a G-2 lies in hard economic realities. As noted, the United States and Japan are the two largest economies in

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the world and have the two most important currencies. They share by far the largest two-way trade of any major trading pair. (The United States and Canada trade about the same amount, but this is due largely to geography, and the Canadian economy is only one fifth the size of Japan's.) They are now the two largest shareholders in the World Bank, and may soon be in the International Monetary Fund.

The United States and Japan are also highly interdependent. On the one hand, they are often each other's main rivals for industrial leadership, especially in the high-technology and services sectors which are at the cutting edge of global business and finance. On the other hand, Japan depends heavily on American markets for its economic growth, and on the United States for its national security. America depends heavily on Japanese financing for its trade and budget deficits. And much of the necessary improvement of the U.S. trade balance must come at Japan's expense. The American deficit and debtor position and the Japanese surplus and creditor position are mirror images of each other to a considerable extent.

As a result, the United States and Japan must either learn to work closely together or they will continually square off in hostile confrontations—as they have in fact done with growing frequency in recent years. Each obviously has a major interest in the cooperative outcome, which may require a quantum leap, such as G-2, to succeed.

Moreover, the United States and Japan bear major responsibilities for fostering progress and maintaining stability for the world economy as a whole. The "Pax Americana" will obviously not be replaced by a "Pax Nipponica," despite the musings of some pundits on that theme. But "bigemony"[9] between the United States and Japan—to replace American hegemony—seems quite feasible. And it is obviously easier for two countries to cooperate more effectively than it is for a larger number, as well as to avoid the problems of supporting free riders and evasion of leadership responsibilities.

The history of the past 15 years illustrates both the risks inherent in U.S.-Japan disharmony and the potential for the two to work closely together to promote their own interests and those of the world as a whole. During that period, intense

[9] I coined this term in 1974–75 in discussing possible joint leadership of the economic system by the United States and Germany. Germany, obviously, did not adopt such a role and Japan has meanwhile become the more likely partner.

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trade frictions have erupted between the two countries on three occasions: in 1969–71, 1977–78 and currently. In each instance America has raised substantial barriers against Japan, and both the global trading system and the U.S.-Japan relationship have been severely threatened.

In retrospect it is clear that each of these three crises drew much of its intensity from a sharp rise, to previously unimagined levels, in the U.S.-Japan trade imbalance. In turn, much of that imbalance stemmed from an overvaluation of the exchange rate of the dollar and an undervaluation of the yen. It is evident that the United States and Japan, and the world as a whole, would have been spared much economic pain and political cost had the two countries been working together to coordinate their economic and financial policies in a way that would have prevented the onset of huge currency misalignments, resulting trade imbalances and inevitable economic (and thus political) crises.[10] This need for such cooperation has never been clearer; it represents the positive case for a G-2.

Another argument for a U.S.-Japan G-2 derives from the fact that the Europeans have comparatively less interest in global economic and monetary arrangements, for two reasons: (1) most of the trade of the individual European countries is with other European countries, and (2) they have therefore created the European Monetary System as a "zone of currency stability" to underpin that trade. The percentage of their production that is exported to the United States is relatively small—traditionally under 10 percent for Germany, compared with between 35 and 40 percent for Japan—and thus their direct interest in the dollar and *global* management is less intense. Germany's deep abhorrence of inflation and its related insistence on total independence for the Bundesbank, and hence its fear of engaging in international arrangements that could undermine its pursuit of that independence, seems to deter Bonn's seeking a leading global role.[11]

Thus there is a strong rationale for constructing a G-2, and using it as a primary if informal tool for seeking to exercise

[10] C. Fred Bergsten, "What To Do About the U.S.-Japan Economic Conflict," *Foreign Affairs*, Summer 1982.

[11] Germany has learned that it can dominate a regional grouping such as the European Monetary System and even pull the rest of the Continent toward its anti-inflationary policy ideals, especially with the United Kingdom outside the EMS. But Germany rightly fears that it would lack similar influence within a global arrangement due to the weight of Japan and (especially) the United States.

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leadership of the world economy. Secretary Baker and Finance Minister Miyazawa have taken first steps in that direction, and the broader groups have yet to offer a more promising alternative. The issue is how best to use the nascent G-2 arrangement to deal with the problems I have described.

One possibility is to defend a true target zone between the dollar and yen, as previously described, beyond the weak version established in late 1986. The United States and Japan could also consult seriously on economic policies before final decisions were made, and could coordinate their monetary policies to avoid untoward fluctuations in exchange rates or world price levels.

The United States and Japan must ultimately adjust to large external imbalances. The issue is not whether, but when (earlier or later) and how (via constructive or destructive means) they will do so. The core goal of any new cooperative arrangement would be to launch such efforts early enough to avoid the onset of irreversible economic dislocations and severe threats of systemic breakdown (as in 1971–73 and particularly today) due to protectionist actions and currency instability.

The second component of an expanded G-2 would relate to leadership of the world economy, with activities ranging from mild and hortatory to coercive.

At a minimum, the United States and Japan—as in the Baker-Miyazawa communiqué of last October—could invite others to join the agreement I have described. Major European countries, and perhaps Canada and others, might accept the invitation simply out of an unwillingness to run the risk of remaining outside the key decision-making forum. The finance minister of France, less than three weeks after the first Baker-Miyazawa agreement, indeed announced that his country would like to accept their invitation to "join" the arrangement and would be urging its European Monetary System partners to do so. Europe (and Germany in particular) would have to reflect seriously on whether security arrangements with the United States would survive intact if international economic management fragmented—with Europe left outside the core grouping. The G-2 would thus be most successful if it proved to be a way station en route to new global arrangements.

A much more aggressive alternative would be for the United States and Japan, having achieved the proper relationship for their own currencies, to intervene in the markets of the currencies of other countries as well. The United States and Japan

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have a major interest in ensuring the accuracy and stability of other key exchange rates, both to achieve systemic steadiness and to avoid excessive pressures on their own currencies. For example, pressure on the yen will be relieved to the extent that other currencies important to American trade, including those of the Europeans and the Asian NICs,[12] rise against the dollar as well. Often, mere hints that market intervention was contemplated would obviate the need to implement such steps and/or induce the nonparticipants to cooperate.

Finally, a genuine G-2 could undertake a number of other initiatives. Eventually, it could work out methods to channel an increased share of Japan's surplus funds to the developing countries instead of to the United States—implementing the "new Marshall Plan" proposed both inside and outside Japan. I would not suggest stressing such measures at the outset, because the adjustment steps are much more critical and an emphasis on reordering financial flows could deter progress on the adjustment front. But such schemes could become an integral part of G-2 management over the longer run once the adjustment process was in place and working.

## VI

The economic legacy of the first half of the 1980s threatens to create enormous disruption in the short run and will produce a fundamentally different global structure for the 1990s. These developments may have significant effects on international political and security arrangements, and could erode today's alliance systems much as they are eroding the trade regime and international finance.

The adjustments made to date, mainly in the currency markets, have progressed with amazing orderliness. However, they have at best achieved only half the corrections needed in trade balances. There may yet be time for the major countries, especially the United States and Japan, but Germany (leading Europe) as well, to take constructive actions to complete the task in a constructive manner. But a failure to do so could

[12] The exchange rates of the Asian NICs clearly need to rise in order to contribute to a viable world equilibrium—by as much as 40–50 percent for Taiwan, perhaps 10–20 percent for South Korea and 5–10 percent for Hong Kong. All three currencies must move in order for each to move individually by an adequate amount, because the three countries compete keenly with each other and will be willing to change only if the others do so. Moreover, one reason for Japan's resistance to adequate appreciation of the yen is the resulting deterioration of its competitive position vis-à-vis the neighboring NICs.

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seriously cloud the economic outlook and threaten international political arrangements as well.

Even if there is continued smooth management of the transition, the world economic environment of the 1990s and beyond—with America as massive debtor and Japan as massive creditor—will pose major challenges to global management in both the economic and political spheres. In both areas a newly pluralistic world power structure must be arranged, with a revised leadership role for America—perhaps using its security position to pursue economic goals—and an increasing leadership role for Japan. The only precedent dates from the 1920s, when Anglo-American cooperation attempted but ultimately failed to reconcile the decline of Britain and the rise of the United States, due to the unwillingness of both countries to understand and adapt to their new positions. The new Administration in 1989 will have to address these matters with the highest urgency.

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*Martin Feldstein*

# CORRECTING THE TRADE DEFICIT

The principal problem with which the world's economies must deal during the coming decade is the unsustainable imbalance of international trade. The United States cannot continue to have annual trade deficits of more than $100 billion, financed by an ever-increasing inflow of foreign capital. The U.S. trade deficit will therefore soon have to shrink and, as it does, the other countries of the world will experience a corresponding reduction in their trade surpluses. Indeed, within the next decade the United States will undoubtedly exchange its trade deficit for a trade surplus. The challenge is to achieve this rebalancing of world demand in a way that avoids both a decline in real economic activity and an increase in the rate of inflation.

A rebalancing of world trade is already beginning, due to a sharp decline in the value of the dollar. This decline, under way since early 1985, reflects fundamental economic forces rather than the influence of official jawboning or currency market intervention. The dollar's value can be expected to continue to fall until it is low enough to achieve the required trade surplus.

## II

The trade deficit of the United States is now so large, and its effect on the American economy so pervasive, that it is easy to lose sight of the fact that in almost every year between the end of World War II and 1981 the United States realized a significant trade surplus. In 1981 U.S. exports of goods and services exceeded imports by more than $14 billion, and the United States had a current-account surplus with which to finance net investments in other countries. But now U.S. trade in goods and services is running a deficit at the rate of about

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$125 billion a year.[1] The trade deficit in goods alone (i.e., the merchandise trade deficit) has reached an annual rate of more than $160 billion, or more than four percent of U.S. gross national product. The previous capital outflow has been reversed and a foreign capital inflow is financing the U.S. current-account deficit at an annual rate of about $140 billion.

The recentness of the shift from trade surplus to trade deficit deserves emphasis because it indicates that the cause of the trade deficit lies not in the character of the American work force or of American management, as some have recently suggested. Such fundamental aspects of a nation's industry cannot change in as short a time as five years. For the same reason it is wrong to attribute the massive trade deficit to a fundamental deterioration of U.S. productivity, of American product quality, or of other basic aspects of potential competitiveness.

The primary reason for the deteriorating trade imbalance is the 70-percent rise of the dollar that occurred between 1980 and the spring of 1985. This unprecedented increase in the exchange value of the dollar dramatically increased the price of American products relative to foreign products, causing the volume of U.S. exports to decline while merchandise imports increased by nearly 50 percent.

There were, of course, other factors that affected the U.S. trade deficit. The international debt crisis that began in 1982 caused a decline in U.S. exports to Latin America. The dramatic improvement in agricultural productivity that followed the introduction of an incentive system in China caused a decline in American agricultural exports to that country. Balanced against these changes were other special factors such as a decline in the price of oil which, by raising real incomes abroad and improving foreign trade balances, increased the demand for exports from the United States. But even taken all together, these special factors were not nearly as important as the sharp appreciation of the dollar.

The dollar's dramatic rise began when the United States shifted from the accelerating double-digit inflation of the late

[1] As this paragraph indicates, there are three related but different aspects of the annual trade deficit. The "merchandise trade deficit" is the difference between the imports and exports of goods (manufactured products, raw materials, etc.). The "goods and services balance" includes the net exports of services such as transportation, banking and construction, as well as net investment income. Finally, the "current-account balance" is equal to the balance of goods and services plus unilateral transfers such as pensions and remittances.

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1970s to a sound monetary policy. The resulting temporary rise in real interest rates and the prospects for a sustained lower rate of inflation made dollar-denominated bonds more attractive to investors throughout the world. It was the increased demand for dollars to invest in those bonds that initially raised the exchange value of the dollar.

But it was the anticipation of massive and protracted U.S. budget deficits that sustained the rise in long-term real U.S. interest rates relative to foreign rates, and that therefore caused the dollar to continue its rise after 1982. The budget deficit rose from 2.5 percent of GNP in 1980 to more than 6 percent of GNP in 1983, absorbing virtually all of the net saving generated by American households, businesses, and state and local governments. As a result of this sharp rise in government borrowing, the real rate of interest on long-term bonds rose sharply; the market interest rate on such bonds was as high in 1983 as it had been in 1980 even though the rate of inflation had fallen by 8 percentage points, from more than 12 percent in 1980 to less than 4 percent in 1983. This dramatic increase in the U.S. real long-term interest rate attracted funds from around the world to invest in dollar securities and thereby raised the exchange value of the dollar.

The changes in U.S. domestic monetary and budget policy that raised U.S. interest rates relative to interest rates abroad were not the only reasons for the rise in the real value of the dollar. The 1981 change in tax rules and the fall in inflation produced a higher real after-tax return on corporate investments in plant and equipment, which permitted corporate borrowers to pay higher real interest rates. The deterioration of the Latin American debt situation discouraged additional lending to the developing countries. And stronger economic growth in the United States compared to Europe raised the relative level of dollar interest rates, further increasing the attractiveness of investing in American securities.

But the principal reason for the substantial and sustained rise of the dollar was undoubtedly the rise in U.S. real interest rates that resulted from the massive increase in projected budget deficits in a monetary environment that aimed at preventing a return to high inflation.[2]

[2] See Martin Feldstein, "The Budget Deficit and the Dollar," in *NBER Macro-Economics Annual 1986*, Cambridge: MIT Press, 1986.

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III

By early 1985, the dollar had reached a level that could not be sustained. With the dollar at 3.3 West German marks and 250 yen, a sharp decline in the dollar at some point in the future had become inevitable. Although dollar bonds paid a yield of about four percentage points more than German bonds, that extra interest was not enough to compensate the holders of dollar bonds for the decline of the dollar that would eventually have to occur. Ultimately, with a four-percentage-point interest differential, holders of dollar bonds would be as well off as holders of German bonds only if the dollar declined at a rate of four percent a year or less. But so slow a decline of the dollar would cause a massive rise in the U.S. trade deficit and an explosive growth of U.S. debts to the rest of the world. U.S. annual borrowing needs from the rest of the world would snowball so rapidly that they simply could not be financed.

The only way to slow the growth of the country's trade deficit and future borrowing needs was for the dollar to drop at a faster rate than four percent a year. As 1985 began, it became clear to an increasing number of investors worldwide that a very gradual and orderly reduction of the dollar was no longer possible. Although some foreign investors who held dollar bonds continued to hope that they would be able to sell before that inevitable decline began, eventually the fear of losses outweighed that unfounded optimism. Investors began to sell dollars and the dollar began to decline in value.

The attractiveness of the dollar was reduced further as interest rates fell in response to the slowing of the U.S. expansion and the easing of monetary policy. By the spring of 1985, there was also a growing understanding that the politics of the budget deficit had changed and that Congress would soon legislate significant reductions in future budget deficits.[3] When this actually happened, with the enactment of the congressional budget resolution in the summer of 1985 and of the Gramm-Rudman-Hollings legislation in the fall, realistic projections of annual budget deficits in the near future were reduced from $300 billion and six percent of GNP to less than four percent of GNP. As a result, the U.S. real interest rate and the interest

[3] See Martin Feldstein, "American Economic Policy and the World Economy," *Foreign Affairs*, Summer 1985.

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differential in favor of U.S. bonds narrowed significantly, encouraging the continued decline of the dollar.

After the dollar had been falling for six months, the finance ministers and central bankers of the Group of Five major industrial countries (the United States, West Germany, Japan, Britain and France) held a highly publicized meeting at the Plaza Hotel in New York to put their weight behind the continued fall of the dollar. With the dollar already on a steady downward course, U.S. government officials could no longer continue to claim that the strong dollar was an indication of the world's approval of U.S. economic policies. Treasury Secretary James Baker therefore reversed his earlier position and acknowledged that the still overvalued dollar was a serious problem for American industry. In an even greater departure from previous U.S. policy, Secretary Baker also agreed with the other G-5 finance ministers that the United States would join in coordinated exchange market intervention aimed at reducing the dollar further in the future.

Although much has been said and written about that G-5 meeting, I believe that its significance in reducing the dollar has been greatly exaggerated. There is no doubt that it did initiate a temporary turning point in Japanese monetary policy; the Japanese government increased domestic interest rates with the aim of raising the value of the yen in an attempt to forestall support for anti-Japanese protectionist legislation that was then heating up in the U.S. Congress. But for West Germany and the other G-5 countries, the Plaza meeting was essentially a non-event, and even the change in Japanese monetary policy was soon abandoned.

The G-5 meeting and the subsequent exchange market intervention had no sustained effect on the dollar's overall rate of decline. In the first few days after the G-5 meeting the dollar declined by about four percent against the other major industrial currencies. But then the dollar resumed its previous gradual rate of decline. More specifically, the dollar fell against a weighted average of other industrial currencies at the same rate in the year after the G-5 meeting as it had fallen in the six months before the meeting. There is simply no evidence in the dollar's behavior since early 1985 to suggest that the G-5 meeting and the process of coordinated intervention had any effect on the rate of decline of the dollar's value. It was not currency intervention or coordinated jawboning that depressed the dollar but the basic fundamentals of the decline in inter-

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national interest differentials, in projected U.S. budget deficits, and in the price of oil.[4]

Although the yen-dollar exchange rate did change more quickly in the period after the G-5 meeting than it had before, there is no reason to attribute this yen-dollar shift to the G-5 meeting as such, or to the exchange market intervention that followed, since those actions did not appear to affect any of the other currencies. Of more fundamental importance was the already mentioned temporary shift by the Bank of Japan to a tighter monetary policy that raised interest rates in Japan, and the unanticipated fall in the price of oil in early 1986 that was far more important for Japan than for other countries.

Between February 1985 and December 1986 the dollar declined by more than 40 percent in real inflation-adjusted terms against a weighted average of all the major industrial currencies. The corresponding real decline against a broader group of currencies, including the currencies of virtually all the developing nations, would be between 30 percent and 35 percent. The driving force in lowering the dollar was not the pronouncements of government authorities, or government intervention in currency markets, but the actions of private portfolio investors as they responded to changes in their perception of the risks and rewards of investing in alternative currencies.

## IV

Even with the substantial fall of the dollar that had occurred by the end of 1986, the level of the dollar at that time still implied a substantial, persistent U.S. trade deficit and therefore a continually rising capital inflow to the United States. Portfolio investors around the world will not be willing to go on providing this credit, accepting the increased risk of investing in dollar-denominated securities for what is now a relatively modest or nonexistent real interest rate advantage. The dollar must therefore continue to decline and the cumulative fall below its current level must be substantial. The key to this conclusion is the fact that the United States has already shifted from being a net creditor in the world capital market to a net debtor—or, more accurately, to having a substantial negative international

[4] For the evidence summarized in this paragraph, see Martin Feldstein, "New Evidence on the Effects of Exchange Rate Intervention," National Bureau of Economic Research Working Paper No. 2052, 1986.

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investment position in which foreign loans to U.S. borrowers, plus foreign equity investments in the United States, exceed the sum of the U.S. loans and investments abroad. Although the level of the dollar, which as of this writing is approximately 1.85 West German marks and 155 Japanese yen, would bring a significant reduction of the trade deficit during the next two or three years, the combination of the trade deficit plus the interest and dividends that must be paid on the U.S. net "debt" to the rest of the world would decline only temporarily. The United States would soon need increasing capital inflows to finance its growing debt service requirements.

More specifically, as the International Monetary Fund has noted, the present value of the dollar implies that U.S. net obligations to the rest of the world would increase from $200 billion now to about $800 billion by the beginning of the next decade. The annual cost of interest and dividends on these obligations would be some $60 billion. Even if the merchandise trade deficit were cut in half from its current level to about $80 billion, the United States would then have an annual current-account deficit of $140 billion, i.e., $80 billion of trade deficit plus $60 billion of net interest and dividends to foreigners. This means that the U.S. debt to the rest of the world would have to increase by an additional $140 billion in that year. And, in each successive year the amount would have to be even larger because of the ever-growing debt service costs.

Such an exploding level of debt is unsustainable. As overseas investors accumulate a larger and larger volume of dollar securities, they are exposed to increasing risks of fluctuation in the value of the dollar and in dollar interest rates. That increased exposure makes additional investments in dollar securities less attractive. Moreover, the real interest differential that originally attracted funds to the United States has now disappeared. The real net-of-inflation interest rates that will ultimately be realized on U.S. bonds is probably less today than the corresponding real rates on West German bonds.

The combination of increased exposure to exchange rate risk and the vanishing real interest advantage of dollar securities will make foreign investors unwilling to finance the projected capital flow to the United States. As they seek to shift their new investments from dollar bonds to securities denominated in their own or other currencies, the value of the dollar will be driven down further. Eventually the dollar must fall far enough to cut the subsequent current-account deficit (the sum

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of the ordinary trade deficit and the net interest on our foreign obligations) to the level that foreign investors are willing to finance. As long as foreign investors are not willing to buy enough bonds to finance the existing current-account deficit at the prevailing exchange rates, the dollar will fall and the subsequent current-account deficit will shrink. Moreover, as financial investors become aware that the dollar's current level is unsustainably high, their fear of a currency decline will accelerate the portfolio shifts that cause the dollar to decline.

It is important to emphasize that it is the individual portfolio decisions of investors around the world that will depress the dollar and therefore the U.S. trade deficit. It is true, of course, that as long as the United States has a trade deficit, the resulting current-account deficit must be financed by a capital inflow from abroad. It is also true that foreign portfolio investors cannot now find an alternative place to invest the present massive current-account surpluses of the United States' major trading partners. But in the process of trying to shift their funds to non-dollar securities, the portfolio investors have driven down the dollar and will continue to do so, thus shrinking the subsequent trade deficit of the United States and therefore the surplus balance that its trading partners have to invest overseas. Thus each portfolio manager, responding to his own assessment of the risks and rewards of investing in dollar securities and other securities, will move the value of the dollar down, and therefore bring the U.S. trade balance closer to a sustainable level.

At some point the United States will begin to meet the cost of servicing its overseas debt by exporting more than it imports. Even reducing the capital inflow to $60 billion a year by 1990 or 1991 would require that U.S. trade be in balance because that entire $60-billion capital inflow would be needed just to finance the interest and dividends on accumulated international obligations. To reduce the capital inflow below $60 billion a year would require a U.S. trade surplus.

I expect that by the early 1990s the United States will again be running a merchandise trade surplus. The longer it takes for the United States to achieve a trade surplus—that is, the longer that the U.S. international debt continues to grow because of a combination of a trade deficit and the cost of servicing existing U.S. overseas debt—the larger the ultimate trade surplus must be. Just when the United States will return to a trade surplus is uncertain. But there can be little doubt

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that the United States must eventually have a trade surplus in order to finance at least part of the net interest and dividends that Americans will owe to investors abroad.

The speed and extent of future progress in reversing the U.S. budget deficit will affect the pace and character of the shift in the American trade balance, but not the inevitability of an eventual decline and reversal of the American trade deficit. A more rapid reduction of future U.S. budget deficits would speed the decline of U.S. real interest rates and of the dollar. The trade deficit would therefore shrink more rapidly. The ultimate size of U.S. overseas obligations would be smaller and the magnitude of the eventual U.S. trade surplus needed to service that international debt would also be smaller. A smaller budget deficit would also make it easier for the United States to compete in the world market for capital-intensive goods and services.

But even if the budget deficit were to remain at three or four percent of GNP, the dollar and the U.S. trade deficit would eventually decline, as foreign portfolio investors became satiated with dollar securities. The combination of persistently high government borrowing and a reduced inflow of foreign capital would raise real U.S. interest rates and thereby slow the dollar's decline. But eventually the unwillingness of foreign investors to keep increasing the shares of their portfolios that are invested in dollar securities will cause the decline of the dollar and the reversal of the U.S. trade deficit.

That this forecast of an inevitable U.S. trade surplus runs counter to the common impression—that the world does not want to purchase U.S. products and that even Americans want to buy only foreign products—only shows that the common assertions in this area are misinformed. In 1986 the United States exported $150 billion of manufactured products to the rest of the world. Moreover, more than 70 percent of the American demand for manufactured goods is being satisfied by products produced in the United States. There is little reason to doubt that U.S. exports and the country's ability to satisfy domestic markets will both increase as the declining dollar reduces the relative price of American goods.

By the 1990s, the world trade imbalance will have come full circle. The domestic policies in the United States that created a massive trade deficit for the United States in the mid-1980s are setting the stage for a major U.S. trade surplus in the 1990s.

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V

My emphasis on the declining dollar as the key factor that will improve the U.S. trade balance contrasts sharply with the comments of those in the Reagan Administration who have suggested that the trade problem could be solved without any further decline of the dollar if West Germany and Japan would only increase the pace of their economic activity. Such pronouncements may be intended to stabilize the foreign exchange market, to fight protectionism, or even to establish foreign scapegoats for future U.S. economic problems. But they have no plausible basis in economic analysis.

Even if not only West Germany and Japan but all of the countries of the world (other than the United States) were to increase their real rates of economic growth from a projected average of about 2.5 percent a year for the next two years to an implausibly high 4.5 percent a year, the resulting 4-percent extra rise in the rest of the world's real GNP would, by itself, only raise demand for U.S. exports by about 6 percent, or $15 billion a year. A $15-billion increase in exports is less than one tenth of our current merchandise trade deficit.

The real reason why foreign governments should be thinking about the future expansion of demand in their own countries is not to help the United States but to pick up the slack that will result from the decline in their own net exports. If the decline in the dollar causes the U.S. merchandise trade deficit to be eliminated over the next five years, foreign producers will have lost $160 billion in markets at home and abroad. And if the dollar falls far enough to stop the flow of new capital to the United States, foreign producers will have lost nearly $250 billion a year in markets at home and abroad.

To maintain a growing level of real output and employment at home, foreign governments around the world will have to permit domestic demand to increase more rapidly than domestic production. As such, this is a pleasant assignment: permitting the standard of living of their population to rise more rapidly than the increase in production would otherwise allow. But the precise timing of the needed increase cannot be known with any assurance. The delays between a change in the exchange value of the dollar and the resulting changes in trade are long and uncertain. Similarly, the response of the domestic economies to changes in domestic monetary and fiscal policies is also uncertain. The major challenge to foreign governments

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will be to avoid both the excessive stimulus that could lead to a rekindling of inflation and the excessive caution that could permit their economies to drift into recession as export demand declines.

The reversal of current trade surpluses abroad will also shift the primary threat of increased protectionism from the United States to our trading partners. While it will then be tempting for them to protect their domestic demand by restricting imports, the resulting trade war would not only hurt consumers everywhere but would, by reducing exports from all countries, make the adjustment process more difficult.

VI

Although the declining dollar will expand demand for U.S. industrial products and give a desirable boost to American manufacturing firms, the combination of the dollar's decline and the massive net U.S. obligations to foreigners will reduce the overall rate of growth of the American standard of living. A lower dollar means that Americans trade U.S. products for foreign products on less favorable terms. American firms will receive fewer Japanese yen or West German marks for their products and American consumers will have to pay more dollars to purchase foreign products.

The net foreign obligations of more than $800 billion in the 1990s will mean annual interest and dividend payments to foreigners of some $60 billion a year. This implies that more than one percent of each year's gross national product will be given to foreigners in payment for the excessive imports of the 1980s. Taken together, the deterioration in the U.S. terms of trade and the increase in overseas debt service could reduce the annual rate of increase of real income in the United States over the next five to ten years by between 0.5 percent and one percent a year. Since per capita income has grown at a rate of about two percent a year over the past few decades, this is equivalent to losing between one fourth and one half of our historical rate of real per capita income growth.

A failure of the U.S. budget deficit to shrink in parallel to the decline of the capital inflow from abroad would compound this problem. The combination of a reduced capital inflow and a persistent high level of government borrowing would mean less capital for investment in plant and equipment and in housing. The resulting decline in the growth of productivity and in the quality of the housing stock would reinforce the

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adverse effects on the American standard of living of the deteriorating U.S. terms of trade and the increased international debt service. The long-term importance of reducing the U.S. budget deficit thus remains undiminished.

The process of simultaneously unwinding the U.S. trade deficit and the budget deficit carries with it the risk that a mismatch of timing could push the American economy into recession. This risk is the unavoidable consequence of the imbalances that have developed during the past half decade. But a clearer view of the inevitable decline of the dollar and the future reversal of the U.S. trade deficit would help government officials and the Congress to avoid misguided policy shifts that exacerbate these risks.

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*Ann Mosely Lesch*

# A VIEW FROM KHARTOUM

Although the Sudanese people threw off the autocratic rule of Jaafar al-Nimeiri two years ago, they are still struggling to undo the economic and political damage that he wrought and to reorient their foreign policy in a way that will enhance their flexibility and credibility in the international arena.[1]

In the quest for badly needed aid and support for ending the debilitating civil war in the south, the current prime minister, Sadiq al-Mahdi, has articulated a foreign policy of nonalignment, in contrast to the close relationship Nimeiri had with the United States. In Mahdi's view, Sudan should neither become entangled in the East-West rivalry nor take sides in regional conflicts. His desire for amicable relations with all of Sudan's neighbors and the significant external powers makes sense, given the location and social complexion of the country. But the government is already discovering that the policy is not easy to implement. The major internal priorities of the new democratic government are to end the war, resolve the country's staggering economic problems, and chart a constitutional course that will balance the varied religious and political interests in order to stabilize parliamentary rule. Diplomatic priorities are closely linked to those domestic concerns.

Sudan is the largest country in Africa, covering a million square miles. Its pivotal location astride the river Nile links the Arab world and sub-Saharan Africa and borders the vital international shipping lane that passes through the Red Sea. The country is vulnerable, unable to police its borders with eight states, and open to pressure and influence from all sides.

[1] I would like to thank Professors Mohammed Omer Beshir, Muhammed Bashir Hamid and Peter Nyok Kok as well as Bona Malwal, editor of *Sudan Times*, for their careful critiques of an earlier draft of this article. They bear no responsibility for any errors. For additional background, see the author's *UFSI Reports*: "Rebellion in the Southern Sudan" (No. 8, 1985), "The Fall of Nimeiri" (No. 9, 1985), "Transition in the Sudan: Aspirations and Constraints" (No. 20, 1985), and "Party Politics in the Sudan" (No. 9, 1986).

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Sudan is at present impoverished, heavily indebted to foreign governments and international funds, and unable to realize the potential offered by its agricultural and mineral resources. Its economic problems derive in part from the harsh climate and difficult soil and in part from ill-conceived and poorly executed government policies that have burdened rather than improved the lot of the people.

The Sudanese population is heterogeneous, a combustible mix of ethnic groups and religions. The majority of the 22-million population are Arabic-speaking Muslims, but at least a third belong to non-Arab ethnic groups with diverse languages and Christian or traditional African beliefs. The fact that the non-Arab, non-Muslim third lives largely in the southern part of the country creates a persistent cleavage with the politically and culturally dominant north. During the bitter 1955–72 civil war, southern rebels sought independence or at least autonomy. The new rebellion that began in 1983 under the Sudanese People's Liberation Army (SPLA) is not secessionist but demands that a fair share of power in the central government be allocated to all Sudanese, regardless of ethnic identity.

II

Sudan's internal problems and their external complications are serious concerns to the United States. Its geostrategic location means that changes in Sudanese political orientations have repercussions on the entire African continent and the Red Sea littoral. American strategy must take into account the implications of shifting Sudanese relations with Egypt and Libya, the contending powers to the north, and with Ethiopia, the key African state to the southeast. In this volatile region, the United States is seeking to preserve its strategic interests and to ensure that Sudan's nonalignment is not transformed into realignment against Washington.

U.S. relations with Sudan today are especially complicated because Washington had strongly supported Nimeiri through much of his 16-year autocracy, in the belief that he was a vital regional ally. After resuming diplomatic relations with the United States in 1971 (broken after the 1967 Middle East war), Nimeiri provided support for Egypt and later a counterweight to Ethiopia. At a time when most Arab and African states were keeping a discreet distance from the United States, Nimeiri was eager to advance American interests in the Arab world and the Horn of Africa. In return, he received substantial aid,

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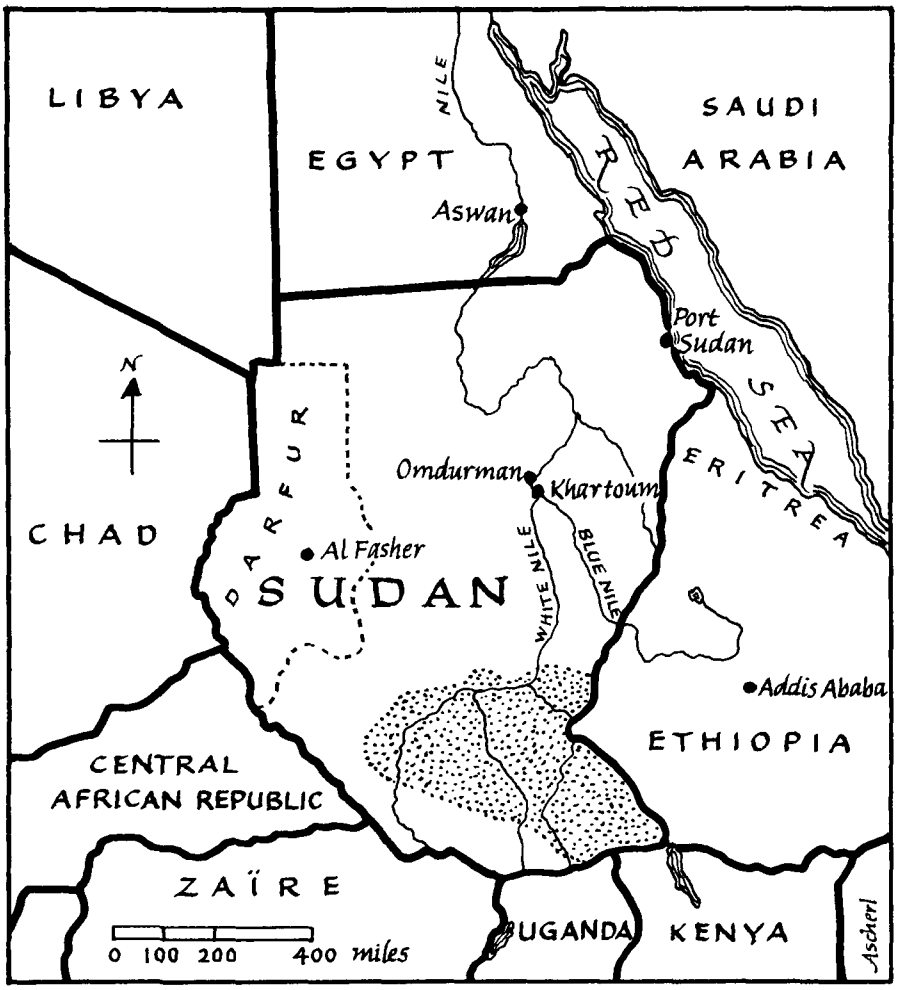


which he hoped would transform Sudan into the regional breadbasket and a major actor on the African continent.

Khartoum became closely aligned with Egypt, its powerful neighbor along the Nile and historically the Afro-Arab country with the greatest influence over Sudan. Nimeiri and Anwar al-Sadat signed an integration pact in 1974 and a military defense alliance in 1976. Nimeiri was virtually the only Arab ruler to support Sadat's peace initiative with Israel and to retain diplomatic relations with Cairo after March 1979. Ties were further consolidated by a comprehensive integration charter in 1982, signed by Sadat's successor Hosni Mubarak. Khartoum also provided Egypt with a rear base for its air force, the guarantee

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of a friendly regime on the vital Nile and Red Sea, and a balance against the increasingly hostile Libyan government.

U.S. officials perceived an enhanced importance in Sudan after the overthrow of the longtime American ally, Emperor Haile Selassie, in Ethiopia in 1974 and the installation of a pro-Soviet Marxist regime there. Sudan provided sanctuary for more than a half-million refugees from Eritrea, Tigre and Oromo, allowed their liberation movements to maintain offices in Khartoum, and closed its eyes to arms that entered Sudanese harbors on the Red Sea and were transported across the border by the secessionist forces. Sudanese involvement was occasioned in part by religious and ethnic ties with some of the Eritreans, but also by a desire to support conservative Muslim regimes like Saudi Arabia that funded some Eritrean groups in order to weaken the radical forces in Addis Ababa.

Yet Nimeiri paid a price: the Sudan-Egypt axis harmed his image in the Arab world, exacerbated his tensions with Muammar al-Qaddafi's Libya and damaged his standing internally. Ethiopian and Libyan involvement in attempted coups in Sudan further reinforced Nimeiri's dependence on Washington—and on Egypt, which helped foil coup attempts against him in the 1970s. A siege mentality grew in Khartoum, as Nimeiri's fears of encirclement and subversion by his neighbors escalated. The Libyan invasion of Chad in 1980–81 threatened to expose Sudan to attack along its western border. Two years later, Qaddafi joined with Ethiopian leader Haile Mengistu in aiding the rebellion in southern Sudan. The alliance of Libya, Ethiopia and South Yemen, formed to counterbalance Egypt and Sudan, completed Nimeiri's sense of encirclement and superimposed the Soviet-American rivalry on the regional conflicts.

Meanwhile, Nimeiri's problems at home were growing. He clamped down successively on the Sudanese Communist Party, Islamic groups and secular politicians, and provoked many southerners by canceling the region's special status in June 1983. He angered a wide range of Sudanese by decreeing his version of Islamic law in September 1983. Businessmen were also alienated by the regime's corrupt practices, and military officers resented Nimeiri's frequent, politically motivated purges of the officer corps. By April 1985, Nimeiri had offended nearly all the political and military forces in Sudan.[2]

[2] For powerful critiques by Sudanese experts, see Mansour Khalid, *Nimeiri and the Revolution of Dis-May*, London: Routledge and Kegan Paul, 1985; and Bona Malwal, *The Sudan: A Second Challenge to Nationhood*, New York: Thornton Books, 1985.

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Despite massive American aid programs, the Sudanese economy was in a shambles. The United States was providing more aid to Sudan than to any other African country except Egypt. In 1983 and 1984 nonmilitary aid totaled $375 million. The government piled up huge debts to international, Western and Arab creditors. By the 1980s the debt burden was growing by almost $1 billion yearly, inflation was running at more than 25 percent annually, and foreign currency receipts from exports covered only half of the import bill.[3]

Moreover, Sudan was hit by severe drought that further damaged the economy and dislocated millions of persons in the east and west of the country. In late 1984, when the government finally admitted the seriousness of the drought, donors began to supply substantial food aid, with the United States providing nearly 80 percent. But the Sudanese public increasingly viewed U.S. aid as principally aimed at keeping Nimeiri in power to guarantee American interests.

Nimeiri's downfall came during his April 1985 visit to Washington. By then residents of Khartoum had taken to the streets to protest his economic policies and to denounce his harsh rule. A general strike paralyzed the capital, and virtually all the political forces and unions joined together to formulate a Charter of National Salvation calling for the removal of Nimeiri and the restoration of democratic rule. Nimeiri delayed returning, inadvertently giving the political forces time to convince the armed forces to throw their weight behind the popular movement. The high command closed the air space, leaving Nimeiri stranded at the Cairo airport on his way home. The officers then formed a Transitional Military Council (TMC) to serve as head of state for one year and to rule in conjunction with a civilian Council of Ministers.

## III

The transitional government was unique in the annals of the Third World: it involved a genuine sharing of power between the military and civilians, and its term ended after one year, exactly as the officers had pledged. The transitional government's most notable achievement was to reestablish parliamen-

[3] One potential source of revenue was Chevron's billion-dollar exploration for oil in the south and west in the early 1980s; it was suspended abruptly in 1984, however, after the SPLA attacked its main drilling site in the south. The rebels asserted that the dream of oil wealth could only be realized if the government came to terms with their demands. They also sought to induce the United States to reconsider its support for the Nimeiri regime.

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tary processes and preside over free multiparty elections in April 1986.

In these elections, the two major political parties, Umma and Democratic Unionist (DUP), gained two-thirds of the seats in the constituent assembly. Although the DUP had been the largest party in the 1950s and 1960s, it came in a distant second in 1986, with 24 percent of the votes, to Umma's 39 percent. Umma's base is the Ansar religio-political movement that is heir to the militant nationalist and Islamic Mahdiyya movement of the late nineteenth century. The DUP, based on the Khatmiyya Sufi order, is currently more conservative in its religious and economic orientations than Umma, and is closely aligned with Egypt. The other parties are ideologically or ethnically oriented. The National Islamic Front (NIF), which espouses a revivalist Islam and had supported Nimeiri's Islamicist policies, gained 20 percent of the parliamentary seats. The Communist Party and other small ethnic parties, including five in the south, together gained only 15 percent of the seats.

The war prevented candidates from standing for election in the majority of the southern districts. Furthermore, due to peculiarities in the electoral law and splits in the Umma and DUP, most observers believe that the NIF won twice as many seats as its real popular strength warranted.[4] As a result, the assembly overrepresents Islamic forces and underrepresents the south.

Sadiq Mahdi, great-grandson of the Mahdi who ousted the Turkish-Egyptian forces from Khartoum in 1885, was elected prime minister by the constituent assembly on May 6, 1986. Mahdi, educated at Oxford University, had served as prime minister in 1966 when he was only 31 years old. When Nimeiri seized power in 1969 he turned against the Ansar and forced Mahdi into exile. Mahdi was detained in Cairo, and later used England and Libya as bases from which he helped to organize political opposition and tried to overthrow Nimeiri. He criticized the alignment with Egypt and the United States as inviting attack from pro-Soviet neighbors and restricting Sudan's diplomatic freedom. Although Mahdi returned to Khartoum in 1978, his reconciliation with Nimeiri was short-lived. He con-

[4] NIF won 23 of the 28 seats reserved for graduates of universities and higher institutes. Its candidates also won seats in several geographical districts in which either DUP or Umma ran multiple candidates, thus splitting their own votes. See the author's "Party Politics in the Sudan," p. 7. Interviews with NIF leader Hasan al-Turabi, May 19, 1986, and Jan. 7, 1987.

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tinued to oppose one-man rule and denounced the religious laws. This was such a serious challenge that Nimeiri jailed him for 15 months.

Following the April 1985 uprising, Mahdi wanted the Umma Party to occupy the moderate center as an umbrella that would cover a wide range of ideologies and ethnic groups. But when it failed to win at least half the seats in the assembly in the 1986 elections, Umma had to share power. Mahdi conceded to the conservative DUP not only the plum foreign affairs and interior portfolios but also the presidency of the five-member Council of State, the body that ratifies government decisions. Residual cabinet posts went to the southern parties. Umma's authority was also circumscribed by the NIF, which formed a tough, articulate and well-financed opposition bloc that presses for a full-fledged Islamic constitution and opposes concessions to the SPLA.

The composition of the parliament and government thus reflects the reemergence of traditional political forces, the strength of the Islamic movement, and the marginality of and divisions in the southern groups in Khartoum. This fragmentation and polarization is not auspicious for tackling the twin problems of the war in the south and the economic collapse.

## IV

The fighting in the south has proved the most politically intractable problem facing the government. The Sudanese People's Liberation Movement (SPLM), of which the SPLA is the military arm, was formed by Colonel John Garang de Mabior, who holds a doctorate in agricultural economics from Iowa State University.[5] Spokesmen emphasize that the SPLM wants to eliminate religious and racial discrimination by reinstituting a secular political system. The SPLM maintains that the rebellion was launched not merely against Nimeiri but against the system as a whole, which they perceive as heavily dominated by northern Muslim and Arab political forces.

The transitional government failed to understand this and assumed, rather naïvely, that the SPLM would stop fighting as soon as Nimeiri was removed. Moreover, the TMC did not fulfill the two principal conditions laid down by Garang: first, that the government reinstate the secular penal code and constitu-

[5] For more about Garang, see the author's "Confrontation in the Southern Sudan," *The Middle East Journal*, Summer 1986, pp. 410–428.

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tion and, second, that it convene a constitutional conference that would restructure the national institutions and not just concern itself with the south.

Nearly a year after Nimeiri's ouster, in March 1986, professional and political groups—not the government—organized a week-long conclave in Ethiopia. The Koka Dam declaration that emerged from this gathering stated explicitly that the Islamic laws should be repealed and the secular constitution of 1956 reinstated. Because the Umma Party (though not the DUP and NIF) signed the declaration, it appeared to lay the groundwork for post-election conciliation efforts. In the meantime, however, the situation on the ground in the south deteriorated markedly for the government forces. The SPLA controlled much of the countryside, pinned down the army in isolated garrisons and prevented food from being supplied to government-held towns. The SPLA even pressed north toward the Blue Nile, where vital hydroelectric and agricultural projects are located.

As soon as he took office, Mahdi articulated a three-pronged approach to end the war: he would deal with the fundamental issues underlying the rebellion by convening a constitutional conference, while simultaneously strengthening the armed forces and seeking an agreement with Ethiopia to persuade the SPLM to negotiate. In essence, he would offer the carrot of negotiations and the stick of military and diplomatic pressure in order to convince the SPLM to talk.

It remains questionable whether this approach will succeed. During the summer of 1986, the SPLA continued to gain ground militarily, taking advantage of the rainy season, and paralyzed air transport by shooting down a civilian airliner. By midwinter the armed forces had regained the initiative, due to easier transportation during the dry season and to a reorganized high command and reinforced armed guards that accompanied food convoys through the war zone. Nevertheless, the war cannot be won by either side; the army faces severe difficulties combating guerrilla forces in the swamps and forests of the south, and the SPLA has trouble attacking and administering towns. The war is also a heavy drain on the national treasury: the 1986–87 budget allocated 30 percent of current expenditure for defense and security.

At the political level, a breakthrough appeared possible when Mengistu arranged a meeting between Mahdi and Garang in Addis Ababa on July 31, 1986. But the meeting ran aground

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on the key issue of Islamic law. Garang insisted that the government adhere to the Koka Dam declaration and cancel the Islamic decrees of 1983. Although Mahdi said that he would cancel the decrees, he maintained that new Islamic laws would be legislated that would take the rights of non-Muslims into account. Garang stated that any religiously based system was unacceptable since it would perpetuate religious discrimination and inequality. A profound philosophical gap was evident.

The gap widened when the SPLA shot down a civilian airliner in August. Mahdi responded bitterly, calling the SPLA a terrorist organization and a puppet of Ethiopia.[6] He accused Mengistu of seeking to set up a communist regime in Sudan and vetoing peace efforts. The prime minister asserted that he would only resume contact with Garang if he renounced violence and proved that he was independent of Addis Ababa. Mahdi's stance received widespread support in the north, and groups sympathetic to SPLM goals were placed on the defensive. The government's saber-rattling peaked in early December when Mahdi stated that he was now actively supporting Eritrean rebel groups and the foreign minister threatened to retaliate after Ethiopian planes raided Sudanese villages in pursuit of Eritrean forces.

Ethiopian assistance to the SPLA is substantial: logistical support, sophisticated arms (including SA-7 missiles), and military training as well as a powerful radio station on its soil and a political headquarters in the capital. Mengistu originally backed the SPLA for three main reasons: in retaliation for Sudanese support for Eritrean rebels, as a means to destabilize Nimeiri's regime, and as part of the radical alignment's opposition to the Egypt-Sudan-U.S. axis.

Today the motives are less clear. In part, Ethiopia has built up an investment in the SPLA that it does not want to relinquish before obtaining major political gains. In addition, Addis Ababa distrusts Khartoum because, it maintains, past governments have failed to implement bilateral accords. Moreover, as Mahdi argues, Mengistu probably distrusts the freewheeling political life in Khartoum and cannot tolerate a democratic neighbor. Finally, the issue of Eritrea complicates relations. Some Sudanese believe that Mengistu will not allow a political settlement in the south without a simultaneous accord on

[6] Interview with Mahdi, Sept. 21, 1986.

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Eritrea, although Sudan does not have as much leverage over the Eritrean secessionists as Ethiopia has over the SPLM.

The SPLM has clearly become more dependent on Ethiopia since the fall of Nimeiri. Before, it also obtained financial support and arms from Libya and had sanctuaries in neighboring Kenya and Uganda. Nevertheless, it is an exaggeration to claim that Ethiopia controls the SPLM. Its support has enabled the SPLA to mount more sophisticated military operations, but the causes of the war are internal to Sudan. Even if Ethiopian support were withdrawn, widespread guerrilla warfare would continue in the south.

Khartoum and Addis Ababa have backed off from direct confrontation at present, although some fear that Sudan might be tempted to raid SPLA sanctuaries inside Ethiopia. This could invite retaliatory raids that would be costly for Sudan, since its dams and agricultural projects are within striking distance of the Ethiopian air force. There are hints that Mahdi is willing to reopen contacts with Garang, but obstacles to a negotiated settlement remain. Mahdi fuels division by not only using heated rhetoric but also arming Arab and southern tribes against the SPLA. Moreover, his appeal to Islamic states for arms and funds to prosecute the war adds a religious and racial dimension to the strife.

Most important, Mahdi has failed to act internally to tackle the causes of the rebellion. He has delayed confronting the issue of the legal basis of rule. His proposed amendment to the constitution, which would place Islam, Christianity and traditional beliefs on a par, satisfies no one. The NIF opposes the elevation of the status of non-Muslims, and secular and southern politicians object to making religion the basis of the legal code. They threaten to walk out of the assembly and to refuse to apply Mahdi's amendment if it is passed. Although public revulsion against the Islamic decrees is widespread, Mahdi, like the transition government before him, has feared that outright cancellation would be criticized by influential conservative forces as undermining Islam. His vacillation on this issue has reduced his credibility and can only increase suspicions on the part of the SPLM leadership.

In sum, Mahdi's three-pronged approach remains far from succeeding. He has neither resolved the fundamental issues underlying the rebellion nor found the basis for an accord with Ethiopia to reduce the strife. His military gains lend enhanced credibility to the government, but are only useful if they are

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utilized strategically to place the government in the best position for negotiations. The constitutional conference is unlikely to be convened before the summer, and the participation of the SPLM remains problematic. Because prolongation of the war damages the economy, weakens democratic processes and complicates relations with neighboring countries, failure to end it could undermine all of the government's plans.

V

The bleak economic situation inherited by the transitional government forced it to seek emergency aid to contain the famine, and oil to keep the infrastructure functioning. The United States and Western Europe provided massive food aid during summer 1985, and Arab states shipped tons of free oil to Port Sudan. Although the major Arab funds and bilateral donors resumed some of their loans and rescheduled part of the debt in order to give the fledgling government a fair chance to correct the mistakes of the past, negotiations with the International Monetary Fund proved complex. During autumn 1985 Khartoum tried to meet some of its terms by reforming the currency, limiting wage increases in the public sector, and paying back a small portion of the service charge. But it could not agree to all the IMF terms, and in February 1986 the IMF declared Sudan in default.

Over the past two years, key areas of the economy have deteriorated. Inflation soared to nearly 40 percent annually, remittances from workers abroad declined sharply, and exports remained low. Earnings on cotton in 1985–86 dropped to $125 million, less than half the usual sum, due to crop damage from disease and low world prices. Shortages caused the government to ban meat and livestock exports and even to import some meat and sugar. Only food crops registered a surplus. In autumn 1986 a bumper crop of sorghum was harvested, enabling the government to stockpile a million tons in case the rains fail this summer and to arrange to export more than a million tons to Saudi Arabia, Iran and Libya in barter deals. Sesame and groundnut production also increased.

The country remains totally dependent on oil imports of nearly 100,000 tons a month. Libya has pledged 50,000 tons monthly, and Sudan seeks similar pledges from the Arab Gulf states and Iran. Nevertheless, the fundamental budgetary situation remains untenable. With revenues only half its expenditures, the government must either resort to inflationary bor-

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rowing from the central bank or rely on massive infusions of foreign aid.

Considerable social tension has built up as a result of these economic difficulties. Food riots in the west in September 1986 were followed by violent demonstrations in Khartoum in November. At first the government blamed the troubles on Nimeiri's supporters and then on the NIF, which, it argued, were trying to destabilize and undermine the new government.

The Mahdi government has had difficulty formulating a coherent economic policy, but it has taken a bold approach to creditors and particularly the IMF. In his speech to the U.N. General Assembly in October 1986, Mahdi declared that Sudan would follow the lead of Peru and link repayment of external debt to its export earnings. Moreover, it would keep in mind its social obligations at home in calculating the rate of repayment. The finance minister subsequently clarified that the government was considering paying a maximum of ten percent of its annual export earnings toward debt repayments. He noted that the government was negotiating with some creditors to cancel certain debts and transfer others to local currency.[7]

Mahdi even argued that some loans could never be repaid, since these were illegal debts contracted by Nimeiri. Officials in the Finance Ministry doubt that the government can legally cancel such debts, but they maintain that the country needs a debt repayment freeze of at least a decade if it is to recover from the economic collapse. In any event, the government has budgeted only $200 million for FY 1987 to service its debts. That is a third of anticipated export receipts, but only a small fraction of the interest due. Nearly 100 percent of export earnings would be required to meet all the outstanding debt obligations. The government has not even budgeted a payment on the $400 million owed on its $2-billion debt to the IMF. Thus, discussions with the IMF are conducted in a low key, with neither party anticipating an accord, much less a standby agreement, in the near future.

## VI

The search for aid and oil has formed an important part of Sudan's diplomatic efforts and has underlined the shift in foreign policy orientation asserted by post-Nimeiri Sudan. In

[7] Press conference by the finance minister, reported in *Sudan Times*, Oct. 24, 1986; author's interview with an under-secretary in the ministry, January 1987.

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less than a year in office, the prime minister, the president of the Council of State and key cabinet members have visited all the major donor countries and the significant Arab and African capitals.

Mahdi stressed his neutrality in regional conflicts and non-involvement in the superpower rivalry by visiting Moscow prior to his trip to Washington, exchanging visits with Qaddafi while postponing his call on Mubarak in Cairo, and traveling to Iran a month after the president of the Council of State visited Iraq. Throughout these travels Mahdi asserted that Sudan was no longer tied to the American-Egyptian axis internationally or to the pro-Iraq camp regionally. He emphasized that Sudan would not subordinate its interests to others' priorities, and would not be anyone's client state.

The complications involved in balancing relations with mutually antagonistic countries are particularly evident in Sudanese ties with the United States, Libya and Egypt, but also with Iran and Iraq. The rapprochement with Libya, for example, worries Saudi Arabia, Egypt and the United States; contacts with Tehran concern the major Arab capitals at this critical period in the Iran-Iraq war. Some Sudanese fear that Mahdi's attempt to be friends with everyone may result in his being friends with no one.

Moreover, Mahdi's effort to pursue this line is complicated by the lack of coherent foreign policy making processes and by disagreements between Umma and DUP over regional alignments. The Foreign Ministry, for example, has not been utilized for policymaking, and Mahdi's views on international issues differ in important respects from those of the president of the Council of State and the foreign minister, who are senior members of the DUP. This has caused confusion abroad and has made some observers question whether Khartoum has a clear sense of its foreign policy goals.

The American-Sudanese relationship was clearly put at risk with the fall of Nimeiri, but both sides have sought to maintain essential contacts. Sudan did not want to lose vital economic aid and Washington wanted to dampen the backlash in Khartoum. Washington continued to provide the nearly half-billion dollars in economic and military aid that it had committed to Nimeiri for the 1985 fiscal year. Khartoum welcomed the massive infusion of emergency aid from the United States but distanced itself from the military dimensions of the relationship. The transitional government emphasized that it would

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not provide military bases for the United States, and joint military maneuvers that had been scheduled for summer 1985 were canceled by mutual agreement.

Despite these conciliatory gestures, two emotional issues heightened tension during winter 1985–86. The first involved the 1984–85 airlift of Ethiopian Jews to Israel from Sudanese soil. Although Americans generally perceived the airlift as a humanitarian act, most Sudanese felt that it was a slap in the face to Arab sensitivities and betrayed their solidarity with the Arab struggle against Israel. In late 1985 Nimeiri's vice president was put on trial for treason and accepting bribes for facilitating the CIA-funded operation. The trial was televised daily and received wide press coverage. The American embassy complained about the coverage and criticized the charges, causing a decided backlash. Once again, Washington seemed to be treating Khartoum as a client.

The second, more fundamental issue was Sudanese-Libyan relations. When Sudan signed a military protocol with Libya in July 1985, spokesmen in Washington expressed grave concern and even hinted that the protocol could jeopardize future U.S. aid. The U.S. embassy in Khartoum also reduced its staff in the autumn and Americans were warned not to travel to Khartoum on the grounds that Libyan subversives were residing there. The transitional government resented these public expressions of non-confidence but quietly expelled some Libyan envoys.

Relations might have been smoothed over if the United States had not bombed Libya in April 1986. The air strikes coincided with the heated Sudanese election campaign, in which politicians competed to voice solidarity with Arab and African causes and to vent frustration at foreign influence. In that volatile atmosphere, the American raids brought angry anti-American demonstrators to the streets of Khartoum. When an embassy employee was wounded the same night, the ambassador ordered the evacuation of most of the staff and all dependents. Letting its concern over terrorism drive its policy, Washington temporarily played into Qaddafi's hands by reducing the American presence in Sudan. The evacuation sent a pointed message to the government that American patience had its limits and that normal relations and aid would not be restored until security was tightened and the government adopted a more cautious stance toward Tripoli.

As soon as Mahdi became prime minister he stressed that

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U.S.-Sudanese relations should resume a positive course; he had no desire to antagonize unnecessarily a superpower with extensive interests in the region, and he wanted to ensure that American aid would continue. Nevertheless, the 1986 level of aid turned out to be $126 million, only a third that of the previous year; military support funds were reduced from $45 million to $19 million. The reduction reflected in part the end of the famine and in part the cool bilateral relationship.

But Mahdi recognized that the Soviet Union was not a viable alternative source of economic aid and diplomatic support. Although Sudanese officials were close-mouthed after Mahdi's visit to Moscow in August, the results were apparently disappointing. The Soviets seemed wary of Sudanese policy and unready to commit themselves to the new regime, either by trying to persuade Mengistu to reduce his commitment to the SPLM or by providing substantial infusions of aid. In February 1987, however, Sudan and the Soviet Union signed a three-year barter pact that called for trade of $100 million a year. Nevertheless, Sudan still needed to restore normal relations with the United States.

When Mahdi visited Washington in October 1986, he emphasized that political values in Sudan closely resembled those of America. The United States, he maintained, should help the Sudanese entrench their democratic institutions rather than let economic problems overwhelm the fragile new parliamentary structures. The United States was responsive to Mahdi's overtures: the ambassador expressed strong support for Sudan's democracy, U.S. Agency for International Development personnel returned in the autumn, and new assistance programs were discussed. Nevertheless, drastic cutbacks in all U.S. foreign aid meant relatively small sums for Sudan. For 1987, Khartoum was slated to receive only $5 million in military support funds and approximately $65 million in economic aid, two-thirds the 1986 level. Tentative projections for 1988 call for about the same level.

U.S. embassy officials recognize that the diminution in aid makes for an embarrassing comparison with the largesse bestowed on Nimeiri. Nevertheless, they feel that higher levels cannot be justified until the Sudanese government outlines and implements a coherent economic strategy that would include dismantling some state controls, altering the exchange rate and reducing the rate of inflation. Despite lingering mutual suspicions and less aid, however, a more realistic and balanced

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relationship has begun to be worked out. But the balance remains tenuous, and could be jeopardized by renewed American-Libyan hostilities or too warm an embrace by Khartoum and Tripoli.

VII

The transitional government reestablished relations with Libya as a visible way to signal a change in diplomatic orientation as well as to obtain valuable economic aid. Qaddafi was quick to take advantage of the shift; he was the first head of state to visit Khartoum after Nimeiri's fall. He stopped aiding the SPLA, shipped free oil to Port Sudan, and promised emergency and development assistance, particularly to the western province of Darfur that adjoins Libya and Chad. Libya advertised widely the military protocol of July 1985, although it consisted of only modest matériel and training. In March 1986 Qaddafi even loaned two bombers to raid the south in support of the Sudanese army and stationed nearly a thousand Libyan soldiers in Darfur.

Sudanese officials soon realized that Qaddafi was difficult to manage. They were embarrassed by his self-invited visit and his publicity of the military protocol, and annoyed by his criticism of multiparty rule and his persistent calls for Libyan-Sudanese union. When he took office, Mahdi faced a particularly delicate situation, since he had obtained crucial support from Libya while in exile in the early 1970s.

Nevertheless, Mahdi was concerned by the growing and open access of Libyans to Sudan, both because of the potential for internal subversion and because of its international repercussions. The French government, for example, complained that the Libyans stationed in Darfur could serve as an advance guard to attack Chad from the east. Mahdi also wanted to preserve Sudanese territorial integrity and support the unity of Chad under Hissene Habre. Therefore, during his visit to Tripoli in August 1986, Mahdi insisted that Qaddafi withdraw most of the Libyan forces from Darfur and underlined that he could not accept Libyan objectives in Chad.

Mahdi was also embarrassed by Qaddafi's visit to Khartoum in September 1986, during which he not only reiterated his call for unity but also urged the overthrow of Mubarak and acts of violence against Americans.[8] Mahdi was anxious that

[8] Interview with Mahdi, Sept. 21, 1986.

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Qaddafi's visit not jeopardize his contacts with Saudi Arabia and the United States, which he was scheduled to visit a few weeks later.

The government finds itself in a quandary. Sudan requires a steady supply of oil from Libya and needs to keep Qaddafi from reverting to political subversion. But achieving a balanced relationship will be difficult, given Qaddafi's mercurial nature. Qaddafi may already realize that he is not gaining the expected political dividends: his call for unity has been rejected, his troops have been largely sent home, and his pressure on Khartoum to break relations with Washington and Cairo has been ignored. Observers do not expect Qaddafi to jeopardize the basic relationship by rash acts, such as renewed attacks on Americans, but he may be less liberal with his economic aid. Mahdi does not want to provoke Qaddafi's open hostility, since he recognizes Libya's potential for subversive action. Finding the optimal balance of good-neighborliness and distance will remain a difficult task.

In contrast with the opening to Libya, relations with Egypt have been tense. The inevitable backlash against the special ties during Nimeiri's rule is compounded by Nimeiri's presence in Cairo. Mubarak has been adamant that Nimeiri will not be deported to stand trial in Khartoum, on grounds that Egypt traditionally provides haven for political exiles. Even were Nimeiri not in Egypt, the Sudanese would have insisted on a major restructuring of the bilateral relationship. They believed that the numerous political, economic and military accords were designed by Nimeiri to keep himself in power rather than to benefit the country. Furthermore, many Sudanese suspect that Egypt harbors colonialist inclinations in the guise of promoting unity of the Nile valley.

Consequently, the transitional government froze the integration plans and unilaterally dissolved its bureaucratic structures. Khartoum also distanced itself from the military defense pact and sought to renegotiate the bilateral trade protocol. In fact integration had been more symbolic than real, but the abruptness of the Sudanese action angered Egypt, particularly as it coincided with the signing of friendship accords and the acceptance of military aid from Libya, Cairo's sworn enemy.

Cairo apparently hoped that the DUP would carry the Sudanese elections, since its leaders publicly advocated the resumption of friendly ties with Egypt. The Umma, in contrast, had long been critical of special relations with Egypt. Thus,

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even though ministers from the DUP trooped to Cairo to assert their support for ties with Egypt, Prime Minister Mahdi maintained a reserved stance. Relations reached their nadir during the summer of 1986, when Egypt suspended bilateral trade, the Sudanese government filed a legal case in Cairo for Nimeiri's extradition, and Mahdi and Mubarak met in a tense encounter at the summit conference of the Organization of African Unity in Addis Ababa. According to observers, neither man was impressed by the other's leadership qualities.

The two sides did not reassess their positions until late November, when they exchanged high-level ministerial visits. The Egyptian government expressed willingness to resolve the trade dispute to Sudan's satisfaction, but the Cairo court continued to postpone hearings on Sudan's demand that Nimeiri be stripped of his right to asylum. Egypt wants to secure at least the neutrality of its southern neighbor, as it is worried that Libyan troops might return to Darfur in force.[9] Some observers believe that Cairo would invoke the bilateral defense pact—even unilaterally—if Sudan allowed Libya to place a significant military presence astride the Nile.

Since November, Mahdi has begun to perceive Egypt as a potential balance to Qaddafi. He finally visited Cairo in mid-February, and signed a Brotherhood Charter, which he declared supersedes and replaces the integration accords undertaken by Nimeiri. Nonetheless, the legacies of the past weigh heavily on the present attitudes, and formulation of a new relationship based on equality, while possible, may prove complex.

Finally, Sudan's new approach to Iran and Iraq has caused concern. Nimeiri had strongly supported Iraq, which provided significant oil supplies at concessional prices; he broke diplomatic relations with Iran and even sent volunteer fighters to assist Iraq. The new government has restored relations with Tehran, negotiated the return of some Sudanese prisoners of war, and stressed its neutrality in the Iran-Iraq war. In December 1986 Mahdi visited Tehran, where he offered to mediate between the two countries and expressed sympathy for Iran as a revolutionary Islamic state. He also negotiated the terms of

[9] Egyptian military officials asserted that 300–400 Libyans returned to Darfur in the autumn; *International Herald Tribune*, Dec. 20–21, 1986. This report was not confirmed by any foreign or Sudanese source during my visit to Khartoum in January 1987, although observers assumed that Libyan agricultural advisers present in Darfur were also serving an intelligence-gathering function. Some Libyan military units may still be present near Al Fasher.

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Sudan's $60-million bilateral debt, which canceled the interest due and spread out the remainder for ten years; and he signed new accords to barter sorghum for petroleum and educate Sudanese students at Iranian universities. Mahdi hailed these accords as normalizing relations with a major Islamic country, promoting Sudan's economic interests, and fostering diplomatic resolution of the Gulf war.

Though it paid some economic dividends, the opening to Iran was controversial internally as well as abroad. Southern and secular political forces resented Mahdi's emphasis on the common Islamic bases of the two societies and feared that he might seek to emulate Tehran's Islamic constitution. The NIF expressed concern that the Shia version of fundamentalism might be introduced into Sudan, in competition with its own Sunni beliefs. The DUP criticized the relationship for unnecessarily irritating Iraq and causing anxiety in Egypt and Saudi Arabia.

## VIII

Sudan is still searching for a formula for its foreign relations that will minimize the risk of external intervention across its borders and reduce the possibilities of destabilization at home. The new government's emphasis on nonalignment and good-neighborliness has won significant international support, but it has also encountered problems in implementation. These derive from its severe internal difficulties: the festering strife in the south and the economic collapse.

Until Khartoum articulates and implements a comprehensive political program to resolve the underlying causes of the civil war, Addis Ababa cannot be expected to reassess its bilateral relationship and reduce its support for the SPLM. Sudan can pressure Ethiopia by aiding Eritrean secessionists and confronting the SPLA militarily. Nevertheless, the critical internal issues need to be resolved; they call for international mediation, not intervention.

Overcoming the economic problems also requires a rethinking of external relationships. Sudan's economic future was mortgaged by Nimeiri, and the difficulties will not be surmounted simply by new loans and grants. Finding means to forgive or reschedule significant parts of the debt burden is essential.

The government, in turn, needs to devise a serious program to restructure key sectors of the economy and to balance

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government revenue and expenditure. To date it has focused on short-term palliatives such as barter deals to obtain oil, appeals to the goodwill of donors to reschedule debts, and the windfall of an ample grain crop. These palliatives will not last. Regional donors and oil suppliers will expect political dividends on their investment. Libya can withhold oil and aid if it is displeased with Sudan's continuing relationship with the United States and the thaw with Egypt. Saudi Arabia can do the same to express its concern about Khartoum's rapprochement with Tripoli and Tehran. Thus, the government risks being buffeted by the conflicting interests of its major donors.

Furthermore, if the IMF and Sudan fail to reach an accommodation, international confidence in Khartoum's economic policies will drop even lower and the prospect for external support will further diminish. This, in turn, will reduce the government's ability to handle internal social conflict and revive the economy, thereby putting the democratic experiment at risk.

Despite these dangers, Sudan has achieved a degree of balance in its external relations. The honeymoon with Libya is over, tension with Egypt has abated, and relations with the United States are relatively even. Diplomatic contacts with African neighbors such as Chad and Uganda have reduced friction over border incursions and paved the way for constructive relations. And the political implications of the rapprochement with Tehran should prove possible to contain, given Sudan's distance from the battlefield.

The United States is watching these developments cautiously. The days of heavy-handed intervention are past. A new relationship is evolving that is based on respect for Sudanese national sovereignty and recognition that the Sudanese will not be anyone's client. The United States can help ease the debt burden, encourage a negotiated resolution of the war and support the democratic process by judicious economic aid and debt relief as well as by opposing renewed polarization in the region. In the long run Washington would gain more by such a balanced posture than by seeking a special relationship with the politically fragile and strategically located Sudan.

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# CONTAINMENT: 40 YEARS LATER

## *Introduction*

Forty years ago, in the pages of this journal, there appeared an extraordinary article that changed American foreign policy. Its title was "The Sources of Soviet Conduct"; written by George F. Kennan, it was first published under the pseudonym of "X." It was a closely reasoned, elegantly drafted analysis of Soviet foreign policy, its motives and ambitions. Perhaps more important, the article presented a strong prescription for American policy. Kennan argued that compared to the West, Russia was still by far the weaker party, that Soviet policy was highly flexible, and that "Soviet society may well contain deficiencies which will eventually weaken its own total potential." He concluded:

> This would of itself warrant the United States entering with reasonable confidence upon a firm containment, designed to confront the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interests of a peaceful and stable world.

This brief passage defined the doctrine of containment as the fundamental American approach to the Soviet Union. The policy was in fact already evolving in the Truman Administration, but Kennan gave it an intellectual and analytical framework and brought it to public attention. The author's true identity was quickly discovered (though not acknowledged until 1951), and the American press began to hail a new policy. Arthur Krock, then a reporter for *The New York Times,* cited the article as authoritative, public evidence that the Truman Administration was adopting Kennan's policy recommendations after "appeasement of the Kremlin proved a failure."

As the discussion broadened and the author's stature became understood, the secretary of state, George C. Marshall, summoned Kennan, whom he had just named director of the new Policy Planning Staff, and with "raised eyebrows" inquired about the article. The last thing Marshall had expected, Kennan later noted in his memoirs, was that his new policy planner would have his name bandied about in the press as the author of a "programmatical article, on the greatest of American

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foreign policy problems." His point made, Marshall never raised the matter again with Kennan.

It was only a series of chance circumstances that led to publication of the article under a pseudonym. A career diplomat, George Kennan had been writing and speaking for over a decade on broad questions of the Soviet Union, its foreign policy and the American response. Within the government he was famous for his "Long Telegram" written from his embassy post in Moscow in early 1946, which set forth his analysis of the prospects for postwar Russia.

He spent an academic sabbatical at the National War College in 1946–47, continuing with his lectures. At the request of Secretary of the Navy James Forrestal in December 1946, Kennan prepared for him an informal paper entitled "Psychological Background of Soviet Foreign Policy"; this was the original title of what would become the X article. In early January Kennan spoke at a small study group of the Council on Foreign Relations in New York; the topic was "The Soviet Way of Thought and Its Effect on Soviet Foreign Policy." Although Kennan spoke only from notes, the confidential record of the meeting contains the following passage:

> Turning to the connotation of those features of the Soviet way of thought, Mr. Kennan found no cause for despair. He thought that other Russian traits of character made it perfectly possible for the U.S. and other countries to contain Russian power, if it were done courteously and in a non-provocative way, long enough so that there might come about internal changes in Russia.

Hamilton Fish Armstrong, the editor of *Foreign Affairs*, was a participant in the study group. A few days later Armstrong wrote to Kennan soliciting an article along the lines of his presentation to the Council. Kennan replied that the paper he had just written for Forrestal might be suitable, but in light of his new State Department position he could not be identified as the author. Armstrong expressed some hesitation about publishing an anonymous article but wrote a memo to his assistant editor, Byron Dexter, that Kennan's view was "exceptionally interesting and though painful to the Soviets is not crude or unfair in spirit." Dexter replied: "I think that Kennan's ideas on Russia are so good that our readers should be given a chance to share them and this overbalances the undesirable factor" of the author's anonymity. In a letter to Kennan,

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Dexter suggested that the byline simply be "X." Over the course of the next weeks the manuscript was cleared in the State Department, received by *Foreign Affairs,* lightly edited and published in the issue of July 1947.

The article's publication was the climax of a series of events that marked an irrevocable break in American policy, the final collapse of nostalgia for prewar isolationism. The first decisive moment came the morning of February 24, 1947, when the British ambassador, Lord Inverchapel, called on Secretary Marshall to formally advise the United States that Britain had found it impossible to grant further assistance to Greece (and Turkey), and to express the hope that the U.S. government "will agree to bear . . . the financial burden, of which the major part has hitherto been borne by His Majesty's Government." In a memorandum drafted on behalf of Secretary Marshall by Under Secretary Dean Acheson, President Truman was informed that "this puts up the most major decision with which we have been faced since the war."

Within weeks the major decision was taken and on March 12, 1947, President Truman asked Congress to appropriate funds to aid Greece and Turkey. Thus was born the Truman Doctrine, which went beyond merely requesting aid for Greece and Turkey to justify that aid in the broader context of "support to free people who are resisting attempted subjugation by armed minorities or by outside pressure."

Three months later, a second step was taken. In June 1947 General Marshall addressed the Harvard graduating class and set forth a new plan to rescue the West European economies. Kennan's article the next month seemed to round out the features of a new policy of engagement in Europe against the Soviet Union. Kennan supplied the concept and the name for the new commitment, although he had forcefully argued with his government colleagues against the broad thrust of the Truman Doctrine.

These events concerned and alarmed one of America's leading policy critics, the late Walter Lippmann, who undertook a long rebuttal of the X article in his columns for the *New York Herald Tribune* beginning in September. Unable to know of Kennan's arguments within the closed councils of policymaking, Lippmann equated the views of X with the Truman Doctrine and proceeded to contrast them with what he saw as the more positive approach of Marshall. This erroneous identification of his views rankled Kennan more than any of

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Lippmann's substantive criticisms, since it was the sweeping generality and the military means of the Truman Doctrine that Kennan had, in fact, opposed.

Lippmann centered his attack on the idea of applying "counterforce" at every point, which he claimed would exhaust the resources of the United States. He believed that it was still possible to settle the status of Eastern Europe with Stalin and argued that the policy of containment would rule out such a settlement. It was, therefore, in the summer and fall of 1947 that the concepts, terminology and lines of debate for the next decades were set: containment and the cold war.

We are pleased in this 40th anniversary year to reprint the original X article, without change, and to accompany it with lengthy excerpts from Walter Lippmann's rebuttal. In addition we attach Ambassador Kennan's recent reflections on the article and the containment debate. Finally, we include a new article by W. W. Rostow, who also served as director of policy planning under Secretary of State Dean Rusk in the early 1960s, and was later national security adviser to President Johnson.

We believe this constitutes an illuminating package of thoughts—old and new—on the "greatest of American foreign policy problems." Ambassador Kennan in his reflections calls our attention to the need to develop a "wider concept" of what containment means:

> a concept more closely linked to the totality of the problems of Western civilization at this juncture in world history—a concept, in other words, more responsive to the problems of our own time—than the one I so lightheartedly brought to expression, hacking away at my typewriter there in the northwest corner of the War College building in December of 1946.

*Foreign Affairs* and the international community are most indebted to the ambassador for hacking away at his typewriter, and we hereby express our respect and appreciation to a great statesman of our time.

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*W. W. Rostow*

# ON ENDING THE COLD WAR

The Truman Doctrine and the Marshall Plan were the decisive initial moves in an effort to stem a postwar Soviet thrust for hegemony in western Eurasia that had been gathering momentum in the bleak winter and early spring of 1946–47. The historical circumstances pose two related questions: Why did the enterprise seem in Moscow a possible dream? Why did the U.S. reaction to the Soviet pursuit of its objective come late? The American delay imparted, as lagged responses and feedback generally do, a cyclical character to the U.S.-Soviet relationship which was to persist and yield three distinct cycles over the next four decades.

A full answer to the first question surely involves mixed impulses of fear and ambition deeply rooted in Russia's history and collective memory, elements of ideological commitment and evangelism, and more mundane variables of geography, resources and technological capacity. But the cold war can be viewed more simply. It has arisen from the fourth major effort in the twentieth century by a latecomer on the world scene to enlarge its power at the expense of earlier front-runners already at or beyond the inherent limits of their international stature. Stripped of details, the past century has witnessed two attempts by Germany, one by Japan and, since 1945, one by the Soviet Union to achieve strategic hegemony in their respective regions, although Soviet ambitions in the cold war evidently came to reach much farther—as did Germany's at the peak of its ambitions.

## II

Think for a moment of how things stood in 1870 when Bismarck rounded out the German Empire with his three small wars. Britain accounted for 32 percent of the world's industrial production; Germany, 13 percent; France, 10 percent; Russia, 4 percent; and across the Atlantic, the United States, 23

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percent. The Japanese, only two years beyond the Meiji Restoration, were not in this company.

The German takeoff began in the 1840s; the Japanese, in the 1880s; the Russian, in the 1890s. By 1914 Germany had acquired all the then existing major technologies, as had Japan and the Soviet Union by 1941. These three challengers had come, in my vocabulary, to technological maturity which, in that era, required some 60 years beyond the takeoff. By 1936–38 the shares of world industrial production reflected the relative decline of Britain and France, the rise of Russia and the appearance of Japan in the arena of power: Britain had 9 percent; Germany, 11 percent; France, 5 percent; Russia, 19 percent; the United States, 32 percent; Japan, 4 percent. World War II canceled out for a time two of these players, gravely weakened two others, and left a proud, ambitious but war-torn Soviet Union and an undamaged United States economically rehabilitated from the Great Depression.

My first proposition is, then, that it was not unreasonable for Soviet planners, as Allied victory became increasingly certain after the great turnaround in the autumn of 1942—at Stalingrad and at both ends of North Africa—to set their sights high for the postwar extension of Soviet power. There is ample evidence that they did.

But what about the United States? After all, as the war ended it was the greatest industrial power in the world, producing almost half the world's output and enjoying a monopoly on nuclear weapons. But the United States was also unilaterally disarming. It was behaving as if it were about to repeat its convulsive withdrawal from responsibility of 1919–20. American behavior appeared every day to be confirming President Roosevelt's opening statement at Yalta, in which he made what Churchill described as the "momentous" prediction that the United States would not keep a large army in Europe and that its occupation of Germany could be envisaged for only two years. Anyone who wishes to understand why the Soviet Union cautiously concluded that it might dominate Europe should examine the course of American politics and policy in 1945–46. Robert J. Donovan, in his biography of Truman, correctly designated 1946 a "disastrous" year.

This poses the second question: Why was the American reaction to the Soviet movement toward European hegemony so late?

The full answer lies in the same variables that explain Russian

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behavior: history, ideology, geography and economic capacity. But we should begin with a narrower question: Did some special dispensation of grace exempt the United States from the latecomer's impulse to seek regional hegemony?

By no means. The American takeoff came about the same time as Germany's, in the 1840s and 1850s. The American instinct to deploy its new power was expressed, in the first instance, in consolidating its authority across the American continent, and then in asserting itself in the Pacific, the Caribbean, Central America and Mexico. But however strong the imperialist impulse may have been among some Americans of the pre-1914 generation, it was reined in by three forces: an ideological sense among a good many other Americans that imperialism was incompatible with the values and institutions on which American society was built; disconcerting confrontations with nationalism in areas that resisted American intrusion (for example, in the Philippines and Mexico); and, starting in 1917, the recurrent problem of dealing defensively with the efforts of latecomers to achieve hegemony at a time when Britain, which had managed the balance for almost a century after 1815, could no longer cope without our active engagement.

When American energy was focused on the rounding out and consolidation of the North American continent, we had a positive sequence of objectives and were capable of taking the initiative or acting swiftly—and sometimes brutally—to exploit unexpected opportunities. But when we inherited part of the task of fending off thrusts for hegemony in Europe or Asia our central mission in protecting the national interest became negative and defensive. We acted reluctantly, late, and usually in a context of crisis. To this day our traditional political rhetoric makes it difficult—almost embarrassing—to articulate the quite sensible balance-of-power strand in the national interest.

Nevertheless, if one were to play over the last seven decades without a soundtrack—putting aside the rhetoric, debates and oscillations of American foreign policy—the United States has behaved in times of crisis in a consistent way. We have consistently acted as if we were mortally endangered should a single power or coalition achieve hegemony in Western Europe, in Asia, or in both. We have also, of course, reacted systematically since the 1920s whenever a major extracontinental power threatened to install substantial military force in this hemisphere. In the nuclear age we have reacted consistently when-

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ever we have judged ourselves potentially threatened by a first strike that might radically reduce our second-strike capability, or whenever our allies have been placed under heavy diplomatic pressure backed by an explicit nuclear threat.

But the acceptance by an effective majority of American citizens that the nation had abiding interests in the balance of power in Europe (and Asia) came hard. Even in World War II it required the attack on Pearl Harbor and Hitler's declaration of war on the United States to resolve the deeply rooted national schism concerning the nature of our interests in Eurasia. As many have noted, this is a problem reaching back to John Winthrop's time and our self-image as a "city upon a hill"; to Washington's Farewell Address almost 170 years later; and to the many other occasions when Americans felt impelled to distinguish their society, values and posture on the world scene from those of the wicked Old World. We tended to await times of acute crisis, when U.S. interests—strategic, ideological and economic—palpably converged, before acting forcefully to restore the balance of power in Eurasia. That is what happened in 1917 and 1941. The spring of 1947 was also such a time, and the Truman Doctrine and Marshall Plan resulted, providing between them a posture comfortable for a substantial majority of Americans. Thus ended the first cold-war downswing of 1945–47, giving way to the contentious upswing of the first cycle.

III

There have been three distinct cold-war cycles, measured peak-to-peak from an American perspective: 1945–55, 1955–73 and 1973–87. The first cycle might be called the Truman-Stalin duel. It began, as I have suggested, with a descent from a wartime peak in the relative power of the United States. This retrogression was marked by U.S. weakness and confusion in 1945–46, including rapid unilateral reductions in effective military strength. This interval was also marked by progressive movement toward the division of Germany and Europe. Then in 1947 came the first two of three belated American cold-war reactions—the Truman Doctrine and the Marshall Plan—followed two years later, in the wake of the blockade of Berlin, by the creation of NATO.

As Europe quieted down into a stalemate along the Elbe in 1948–49, the scene of intense action shifted to Asia. There, Mao Zedong moved toward victory in China while the French

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continued to fight the Viet Minh to maintain their hold in Indochina. Guerrilla warfare erupted in Burma, Malaya, Indonesia and the Philippines; and the Korean War was planned (*according to Khrushchev*) *in Moscow early in 1950 by Stalin* and Mao at Kim Il Sung's instigation. Following the death of Stalin in 1953, a truce was quickly negotiated in Korea, and Mao, in his somewhat idiosyncratic style, turned to domestic development. Asia, like Europe, seemed to have settled into a postwar stability. The exception was the struggle in Indochina; and that conflict, after eight years, appeared to be sealed off by the Geneva Accords of 1954. The Austrian State Treaty and the Geneva summit of 1955 seemed to signal a possible subsidence of the cold war after a decade of thrust and counterthrust amid the dishevelment of post-World War II Eurasia.

But in 1955 the second cycle was, in fact, already under way, its contours foreshadowed by Khrushchev's nuclear threat, made in Birmingham during his visit to Great Britain, and by the Soviet-Egyptian arms deal. The Soviet thrust consisted of thermonuclear-tipped missiles—used to apply political pressure on Western Europe—and the extension of the cold war into the Middle East, Africa, South Asia and, before long, Latin America. Soviet momentum accelerated after Sputnik I was launched in October 1957 and after an optimistic communist summit meeting was held in Moscow in November of that year. The tone of that meeting was well captured in Mao's keynote address at the University of Moscow, in which he argued that "the East Wind is prevailing over the West Wind. That is to say, the forces of socialism have become overwhelmingly superior to the forces of imperialism."

Soviet initiatives followed in the Congo, in Indochina, where war was revived in 1958 by Hanoi, and in the Caribbean, where Castro rose to power in 1959. Nuclear blackmail assumed a quite lucid, operational form with Khrushchev's on-again, off-again ultimatum on Berlin, with its explicit threat to Western transport routes.

This was what confronted John Kennedy when the second turnaround began. The American response to nuclear blackmail built up to related climactic crises in Berlin in 1961 and early 1962 and the Cuban missile crisis of October 1962. The Congo gradually settled down under U.N. auspices; and the *1962 Geneva Accords on Laos appeared to have again yielded* calm in Indochina. But, as in the first cold-war cycle, there was a second round of conflict, including the movement to substan-

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tial conventional war in Indochina in 1964–65, the Malaysian-Indonesian *konfrontasi* and an attempted communist coup in Indonesia, and an exacerbation of the multiple conflicts of the Middle East. The latter conflict reached a temporary climax in the 1967 Arab-Israeli war; the Indochina conflict in the peace agreement of January 1973.

It was in this second round that the protracted test between communist and non-communist methods of modernization in the developing regions, launched with President Truman's 1949 Point Four, was fully joined.

With the beginning of the normalization of U.S.-China relations, the Nixon-Brezhnev summit meetings and the first Strategic Arms Limitation Talks treaty, there was an interval in the early 1970s during which it appeared the cold war might be subsiding.

Then came the third cycle. It was triggered by the convergence of the self-destruction of an American president via Watergate, throwing the whole political system out of balance for the better part of the 1970s, and the underlying schisms, traumas and uncertainties generated by the protracted U.S. military engagement in Southeast Asia. The result was not only a remarkable period of unilateral reduction in U.S. military expenditures relative to GNP, but an across-the-board weakening of American will to deal with strategic reality. Perhaps a bit to their own surprise, Soviet planners, conducting their correlation-of-forces analyses in 1973–75, perceived the most attractive array of opportunities since Sputnik I—or perhaps even since Roosevelt's opening statement at Yalta. As in the 1955–73 cycle, there was an exercise in nuclear blackmail against Europe—this time with the SS-20 missile buildup. There were new thrusts, exploiting Cuban and Vietnamese forces, into the Caribbean and Central America, Angola, Ethiopia, Yemen and Indochina, permitting the acquisition or strengthening of important Soviet naval and air bases. Finally, there was the Soviet invasion of Afghanistan in 1979. This triggered the third belated, reactive turnaround in U.S. policy, echoing those of 1947 and 1961.

Eight years after the turnaround of 1979, the United States and the Soviet Union are in a phase of relative political equilibrium (like 1953–55 and 1969–73) that might be translated into either a movement toward ending the cold war or yet another phase of befuddled American weakness, ambitious Soviet activism, a belated U.S. response and a fourth cycle.

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On the hopeful side, the votes of the European parliaments on the cruise and Pershing missiles in the early 1980s put an end to the second Soviet attempt at nuclear blackmail. The expansion of U.S. military budgets since 1979 has improved the overall military balance. Nationalist resistance to communist intrusions in Central America, Africa, South Asia and Southeast Asia, supported by the United States and others, has thus far prevented Soviet consolidation of the apparent gains of the 1970s. On the other hand, recent domestic economic policy has put U.S. social and defense outlays into conflict. The connection between U.S. strength and the pursuit of a more stable peace, confused by the Reykjavik summit, has not been made clear to the American people or their major allies. And the Iran/contra imbroglio threatens to weaken U.S. military and foreign policy on a broad front, as did Watergate from 1973 to 1979.

## IV

I have, with purpose, evoked this dreary 40-year saga as if the sole powerful force at work in the world arena were the U.S.-Soviet cold-war duel and as if each of the three cyclical rounds of the duel were of equal significance to the relative power of the two major contestants. Neither proposition is true.

It was historically understandable, if not quite inevitable, that the Soviet Union would make a bid for hegemony in Eurasia after 1945 and that the United States would react, even if belatedly. In fact, power in the post-1945 world arena was never wholly duopolistic and became progressively less so. Consequently, the geopolitical stake for each side in each of the three cycles of the cold war progressively diminished, while the stake for each side in avoiding a nuclear exchange increased with the buildup in the stockpiles of nuclear weapons and the improvement of technologies for their accurate delivery.

After all, the first round (1945–55) directly concerned regions and nations that still determine the strategic balance in Eurasia. It settled the initial postwar political and strategic orientation of Western Europe, Germany, Eastern Europe, Japan, China and India. The second round (1955–73) related to the Eurasian balance in a somewhat more oblique way: the Berlin crisis and the diplomatic and psychological threat to Western Europe via nuclear missiles; the acceptance or rejec-

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tion of Soviet missiles in the western hemisphere; and the future balance of forces in Southeast Asia and the Middle East.

The intensity of the Soviet nuclear blackmail threat via the SS-20 in the third round, with its denouement in the votes of West European parliaments, did not match the intensity and raw drama of the Berlin and Cuban missile crises 20 years earlier. Similarly, the ample supply of trouble generated in recent years in Southeast Asia, South Asia, the Middle East, Africa and the Caribbean does not appear to have had quite the immediate strategic importance of the earlier crises in the Third World.

The implications of this point should not be misconstrued. The shift of the East-West struggle to what might be regarded as more peripheral areas, where Soviet support was thrown behind local communists when opportunity for incursions was created or otherwise occurred, does not mean that these initially limited efforts to enlarge communist power could not have affected the central power balance if ignored by the United States and others who opposed Soviet hegemony. The incursions in each of these regions, if unchecked, could have yielded major shifts in the Eurasian or western hemispheric power balance. Nevertheless, the crises of the third round (1973–87) have had distinctly less initial specific gravity than their predecessors.

Why should this be so? One reason is that the orientation of the major strategic regions was settled in the first cold-war cycle and has not been subsequently upset. There have been, of course, some substantial shifts: the defection of Yugoslavia from the Soviet orbit, the Sino-Soviet schism and the communist successes in Cuba, Nicaragua and Indochina. But it is also the case that quietly, erratically, the capacity of the developing regions to resist intrusion and to shape their own destiny has been increasing. In part, nationalism, always fundamental, has gathered strength. In part, economic, social and technical progress under non-communist auspices has reduced the possibility of external manipulation. The members of the Association of Southeast Asian Nations, for example, used to good effect the time painfully bought in Vietnam between 1965 and 1975 and rallied together rather than collapsed when Saigon fell. At the moment, the major threats to these countries stem from domestic instability rather than overt external aggression of the kind that engulfed Indochina. In the Middle East the Iranian revolution, the Iran-Iraq war and the tragic internecine

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struggle in Lebanon show that the countries of the region are not wholly the playthings of cold-war manipulation or ideology and will increasingly go their own, not always attractive, ways. Indeed, historians may well assess the rising power of nationalism and the demonstration of the superiority of non-communist over communist methods of modernization as more significant over the past two generations than most of the cold-war clashes, serious though they were.

Still another somewhat related trend has been quietly at work reshaping the world arena of power over the past two generations: the relative decline in the economic power of the Soviet Union and the United States as Western and Southern Europe, Japan, the developing countries of the Pacific Basin, and some of the more advanced developing countries in other regions have moved forward more rapidly. The combined gross national product of the United States and the U.S.S.R. may have declined from about 44 percent to 33 percent of the global product between 1950 and 1980.

To sum up thus far: the three rounds of the cold war have conformed to a pattern of Soviet initiative and belated U.S. response, reflecting the historical roots and asymmetrical character of the struggle. There was nothing self-limiting about this long succession of thrusts, and their containment required considerable effort by the United States and others. Nevertheless, the issues at stake in each round have been increasingly less fundamental to the strategic position of the two central players. This is partly because the capacity of the Soviet Union and the United States to influence the behavior of the developing nations has progressively declined with the rise in power and assertiveness of nationalism and the overall strengthening of their economic foundations. The Soviet Union and the United States have maintained over these 40 years the two greatest concentrations of nuclear power. These have proved to be useful almost exclusively to assure mutual nuclear deterrence, although the U.S.S.R. unsuccessfully mounted two major exercises in nuclear blackmail. But usable military power, as well as economic capacity, has tended to diffuse away from both superpowers; and the costs of all-out war have steadily increased for both parties.

In short, barring an irrational stumbling into nuclear war, the underlying historical forces at work would appear to decree that the Russian latecomer's drive for hegemony—like the earlier efforts of Germany and Japan—will fail. If the United

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States were to engage in such a hegemonic effort, it also would fail.[1] The second half of the twentieth century has proved a bad time for empires. The 21st century promises to be worse. The question is: Can we bring the cold war to an end without the kind of major conflict that ended the German and Japanese efforts, which, in a nuclear age, would constitute a disaster for all humanity?

## V

The possibility of a soft landing for the cold war is strengthened by two related revolutions that have been proceeding concurrently over the past decade. One is a major technological revolution generated in the advanced industrial countries, the other an educational revolution mounted in the more advanced developing countries, which is putting them in a position to absorb and apply the new technologies. What can be observed, for example, in South Korea's remarkable race to high-tech status is what we can expect increasingly over the next several generations in the developing regions.

Taken together, these revolutions are accelerating the diffusion of power away from both Washington and Moscow and posing domestic challenges that render the ideological aspects of the cold war increasingly anachronistic. The logic of these revolutionary forces calls for a quite different, still difficult, but potentially more benign U.S.-Soviet relationship.

To validate these bald assertions requires that we examine a bit more closely the dual revolutions and the challenges they pose for both the older and newer industrial societies.

The technologies that moved from invention to innovation in the mid-1970s include microelectronics, genetic engineering, a batch of new industrial materials, lasers, robots and various new means of communication. They have four distinctive characteristics: a close linkage to areas of basic science also undergoing revolutionary change; a capacity to galvanize the old basic industries as well as agriculture, forestry, animal husbandry and the whole range of services; an immediate relevance to developing countries to a degree depending on their stage of growth; and a degree of diversification such that

[1] There are, of course, those who believe the United States has been engaged in a hegemonic effort. I would underline that my argument is based, in part, on the distinction between hegemony and maintaining a balance of power. The former requires much more direct control of other states than the latter, where the objective is essentially negative, that is, to deny hegemony to any other power.

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no single country is likely to dominate them as, for example, Britain dominated the early stage of cotton textiles and the United States the early stage of the mass-produced automobile.

While the old industrial countries of the North have been spawning this glamorous, much discussed revolution in technology, the developing regions of the South have been mounting a little-noted human revolution of their own.

Overall, the proportion of the population aged 20–24 enrolled in higher education in what the World Bank calls "lower middle income" countries rose from 3 percent to 10 percent between 1960 and 1982; for "upper middle income" countries the figure increased from 4 percent to 14 percent. For Brazil, fated to be a major actor in this drama, the proportion rose from one percent in 1965 to 12 percent in 1982. In India, with low per capita income but a vital educational system, the figure rose from 3 percent to 9 percent. To understand the meaning of these figures, it should be recalled that in 1960 the proportion for the United Kingdom was 9 percent, for Japan 10 percent.

There has been, moreover, a radical shift toward science and engineering. In India, for example, the pool of scientists and engineers has increased from about 190,000 in 1960 to 2.4 million in 1984—a critical mass exceeded only in the United States and the Soviet Union. In Mexico the annual average increase of graduates in natural science was about 3 percent, and in engineering 5 percent, in the period 1957 to 1973. From 1973 to 1981 the comparable figures were an astonishing 14 percent and 24 percent, respectively—an almost fivefold acceleration.

Even discounting for problems of educational quality, the potential absorptive capacity for the new technologies in the more advanced developing countries is high. Their central problem—like that of most advanced industrial countries—is how to make effective use of the increasingly abundant scientific and engineering skills they already command. This requires, in turn, an ability to generate and maintain flexible, interactive partnerships among scientists, engineers, entrepreneurs and the working force.

These figures, signaling a surge in technological absorptive capacity, mark the arrival of a stage when national growth rates are, under normal circumstances, at a maximum. Despite current vicissitudes, India, the developing countries of the Pacific Basin (including China) and those containing most of the pop-

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ulation of Latin America are likely to absorb the new technologies and move rapidly forward over the next several generations. Much the same would happen, I believe, if the Middle East could find its way from its chronic bloodletting to a twentieth-century version of the Treaty of Westphalia, which ended the Thirty Years' War in 1648.

Thus, if my view of what lies ahead is broadly correct, the world economy and polity face a familiar adjustment in which latecomers narrow and finally close the gap with front-runners. But this time it is likely to occur on an unprecedented scale. The advanced industrial countries (including the U.S.S.R. and the East European nations) now constitute about 1.1 billion people, or approximately one quarter of the world's population. At least 2.6 billion people, about 56 percent, live in countries that will, I estimate, acquire technological virtuosity within the next half century. Moreover, population growth rates in the decades ahead will be higher in the latter group than in the former. We are talking about a great historical transformation.

This transformation poses major challenges to the United States, Western Europe, Japan and the Soviet Union—as well as to the newcomers.

## VI

The United States, Western Europe and Japan need to explore the possibilities opened up by the new technologies and to apply them across the board to basic industries, agriculture and the newer service industries. Only by so doing will they be able to maintain economies of sufficient productivity and flexibility to support and enlarge their affluence in the face of the sustained competitive test ahead. I believe this requires a historic shift in the pattern of domestic politics in the Western world.[2] The shift is away from a more or less decorous struggle over how real national income, assumed to be automatically expanding, should be distributed. It can be argued that this has been the dominant pattern of politics since Bismarck initiated his welfare legislation in the 1870s. The required shift is toward a cooperative effort that embraces business, labor and government as well as the scientific, engineering and entrepreneurial sectors and the working force to

[2] See for example my elaboration of this point in *The Washington Post*, Dec. 28, 1986.

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ensure that real national income in the advanced industrial countries will continue to expand in the face of increasingly severe international competition.

For historical reasons, Japanese politics is, for the moment, well oriented for the tasks ahead. Since Commodore Perry turned up in Tokyo Bay some 130 years ago with his squadron of black ships, the interaction of the external world with Japanese pride and ambition has yielded a succession of crises that have strengthened the nation's sense of unity and common purpose. Since the mid-1950s Japan's economic position in the world has been the focus of that sentiment. Japan's challenge will be to maintain a sense of clear, common purpose when it shifts, as it inevitably must, from an obsessive focus on maximizing its export surplus to a wider spectrum of domestic and external objectives.

In the West the transition is necessary to maintain not only politically and strategically secure societies but also societies sufficiently well poised to manage peacefully the adjustment that must take place as the newcomers approach technological maturity.

Clearly, the world that emerges as the developing regions absorb the new technologies is not going to be dominated by any one power. But the lesson of the past four centuries is that the diffusion of technological competence can generate dangerous neomercantilist conflicts. Mutual survival in a nuclear age requires that we now do a better job with this kind of structural transition than has been done by our predecessors since the British challenged Dutch primacy in the seventeenth century.

What does a better job require? The general formula for a peaceful adjustment of front-runners and latecomers was set out first by David Hume in 1758 in explicit opposition to mercantilist doctrine. He noted two facts, confirmed by later experience: the older front-runner can gain from the enlarged two-way trade induced by the rapid rise of a latecomer; but to enjoy that advantage and hold his place in the queue, the front-runner must vigorously exploit his technological and other relative advantages and adjust flexibly to the inevitably intensified competition. Hume concluded that the original front-runner could do well and benefit, on balance, from the rise of the latecomer if he remained "industrious and civilized."

In our time, that evocative phrase implies a response at three levels. First, the individual nations of the West and Japan must

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react at the national level with vigor and resilience to the new technologies and the intensified competition within the world economy. A successful adjustment is unlikely if the major countries of the Organization for Economic Cooperation and Development are defensive, bedeviled with unsolved problems and grasping for evasive short-term economic solutions.

Second, if a mercantilist fragmentation, likely to intensify rather than end the cold war, is to be avoided, something new and difficult, but not impossible, will be required. Western Europe, Japan and the United States will have to generate collectively the leadership none can now provide alone. This means designing and abiding by new rules of the game for trade, capital movements and domestic policy in the extraordinarily internationalized economy that has emerged. On the basis of such rules, they will have to work with each other and with the developing regions to exploit the new possibilities and make the peaceful adjustments cooperation could render realistic and mutually profitable. And, I would add, as the latecomers move forward, they must gradually assume an increasing degree of responsibility for the viability of the international system as a whole. The United States grossly failed this test between the two world wars—with tragic results. Japan now confronts this test, and before long so will South Korea, Taiwan, Brazil and the other aspiring, fast-moving latecomers, especially India and China.[3]

Third, to manage this dynamic process of mutual support and adjustment in a civilized way to the common advantage, global rules of the game in trade and finance will require an underpinning of regional organization. That should be the central mission for an intergovernmental Pacific Basin organization, the subject of endless symposiums but virtually total governmental inaction. This is also the next task for the Organization of American States and the Inter-American Development Bank—not to try out of nostalgia to recreate the old Alliance for Progress but to assure that Latin and North America move forward with steady, mutual support as the former makes the transition to full technological maturity,

[3] The decisive role for Asian and global stability of relations between India and China is the closing theme of my book, *The United States and the Regional Organization of Asia and the Pacific, 1965–1985*, Austin: University of Texas Press, 1986, pp. 158–161. That study also suggests an operating agenda for an intergovernmental organization for the Pacific Basin.

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coming to grips along the way with debt and other acute problems.

But what about the Soviet Union? As Mikhail Gorbachev is quite aware, the Soviet Union also confronts related domestic and foreign policy challenges in the face of the dual revolutions now under way. The challenges are captured in his oft-stated assertion that, if the Soviet Union does not restructure its institutions to permit an acceleration of scientific and technical progress, its global stature will be reduced and its hopes for a higher standard of living will be endangered. Put in such general terms, the problems on the Soviet agenda are similar to those confronting the United States; in both cases they require important institutional and political changes for their solution.

Take, for example, an issue posed by the new technologies. By accident of history, the United States and Russia emerged with quite different methods for organizing science and technology. The Russian government, modeling its arrangements on those of early eighteenth-century Western Europe, built up over the subsequent two centuries a distinguished Academy of Sciences, which was carried forward and greatly expanded in the Soviet Union. Its many institutes contain a high proportion of the U.S.S.R.'s best scientists and engineers, but their ties to those beyond their bureaucracies are often limited. This did not matter so much in the era of steel, electric power plants, cement and other technologies rooted in the pre-1914 world, although Soviet productivity in these classic older sectors remains lower than it might have been, in part because the capacities of Soviet scientists and engineers have not been effectively brought to bear in the Soviet civilian economy. As Soviet leaders are aware, the problem is now much more serious with respect to the new round of technologies. The flexible, interacting, day-to-day linkage of the institutes to the production process required for the generation (as well as diffusion) of the new technologies is proving difficult to bring about without radical institutional change.

These linkages are somewhat easier for the United States. Two useful and gracious institutions in Philadelphia (the American Philosophical Society) and Boston (the American Academy of Arts and Sciences) attest that we, too, found inspiration in the British Royal Society and the French Academy, respectively, during the eighteenth century. But our tradition is better symbolized by the land-grant colleges. We are fortunate that

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our academic institutions generally accept the proposition that basic university research may be legitimately addressed to the problems of the active world, and that two-way contacts across academic boundaries can be mutually beneficial, albeit sometimes complex. I suspect that, for some time, the United States will do quite well in generating new technologies.

A second and quite distinct problem is to assure that the new technologies are promptly introduced into the sectors where they are likely to prove cost-effective. Here the United States (as well as the U.S.S.R.) has difficulties, as the condition of the American automobile, steel, machine tool, textile and other basic industries attests. In some sectors we have spawned entrepreneurs who, whatever their virtues, find it difficult to deal creatively with their research and development departments. Their considerable expertise never prepared them for a world where a 30-percent per annum obsolescence rate is common. The application of short-run profit maximization in a sector where the linkage of management to R&D is weak can yield a result not unlike that induced by the setting of quantitative production goals by a central planning organization. The common result is sluggishness in exploiting new technologies or, in the American case, the pursuit of cheap labor by relocating overseas. Yet in other U.S. sectors, such as electronics, chemicals and aerospace, the management-R&D linkage works quite well. These are industries that, in effect, arose out of laboratories—an origin that has left its mark.

Overall, the problem appears more acute in the Soviet Union than in the United States. In fact, all socialist countries, including those most willing to reform, have found it difficult to provide incentives for technological innovation in industry.

Well over a century ago, contemplating the contest he saw ahead between democracy and socialism, John Stuart Mill, who viewed socialism seriously and with considerable sympathy, concluded that the choice would probably hinge on "which of the two systems is consistent with the greatest amount of human liberty and spontaneity." The challenge is particularly profound in the U.S.S.R., as Gorbachev appears to perceive, although there is no basis for American complacency. The paradoxical fact is that both superpowers are now in the grip of major productivity crises.

The Soviet domestic changes required to meet the challenge must take place at a time when the relative rise in economic and technological stature of the developing regions is palpably

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moving the more advanced countries among them beyond the reach of superpower hegemony. Meanwhile, the thrust for national independence and increased human freedom is certain to rise with the passage of time and the succession of generations in Stalin's East European empire. Even now, Soviet control is diluted in quite different ways in Romania, Hungary, Poland and East Germany as Moscow makes concessions to gathering historic forces in order to hold on to what it now regards as necessary to the security of the U.S.S.R. The pressure to find some alternative way to satisfy legitimate Soviet security interests in Europe is bound to increase.

Under appropriate circumstances, all this could lead Soviet policy to reflect what Soviet leaders and analysts almost certainly suspect: that the emerging world arena is not one capable of sustained domination by Moscow or any other single power, and that the appropriate historical role of the U.S.S.R. will be to join the older and newer industrial powers in managing as peacefully as possible the somewhat precarious transition already under way.

## VII

I believe a peaceful transition of this kind is possible but not certain. It is possible because forces are at work that in time may make an end to—or a gradual withering away of—the cold war logical and safe for leaders of both the Soviet Union and the United States. But ending the cold war will not be simple. Diplomatic and military history will not end. The Soviet Union and the United States both have abiding interests to protect as nation states; they will have to look after those interests. And a new flow of difficult, but hopefully more benign, problems will arise. In fact, exit from the cold war should be viewed as a process—probably protracted—of getting from here to there. It should be carried forward by steps that permit each side to feel confident as it supplants one set of relations with another. With its unsettling mixture of grandiose objectives, chicanery and transparent propaganda, and with its minimal attention to the process of getting from here to there, Reykjavik will remain a model of how not to proceed.

What, then, in rough outline, would a working agenda for ending the cold war look like? Initial understandings would have to be reached in three critical areas.

The first would, of course, be the nuclear arms race. Here three conditions would have to be satisfied: a thoroughly in-

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spected U.S.-U.S.S.R. nuclear balance sufficient to guarantee, at lower overall force levels, secure second-strike capabilities but no capacity for nuclear blackmail; agreements on nuclear force ceilings with other nuclear weapons powers; and, against this background, a drive to implement more firmly the Non-proliferation Treaty. The path of wisdom may alter as we learn more; but I would be skeptical of solutions that eliminated nuclear weapons, wholly relied on the Strategic Defense Initiative or totally eliminated elements of SDI as part of stable deterrent systems. Evidently, problems of immense complexity are embedded in these conditions, even under circumstances of maximum goodwill among the parties.

The second area would be a reorganization of NATO and the Warsaw Pact in ways that allowed an increased scope for national political freedom in Eastern Europe and guaranteed agreed force levels, securely inspected, for residual NATO and Warsaw Pact forces. The most complex issue certain to arise is the degree and character of German unity. But the objective can be simply stated: the U.S.S.R. would have to decide to accept a balance of power rather than a hegemonic solution to its legitimate security interest in Eastern Europe; that is, a solution guaranteeing that no other major power dominates Eastern Europe, rather than Soviet domination of the region. On this proposition basic U.S. and Soviet interests firmly overlap.

Finally, the third condition: the settlement of regional conflicts with a cold-war dimension and the development of new longer-run rules of the game. In the short run, intimate Soviet ties to Hanoi, Havana and Kabul might provide the basis for settlements in which the existing government would remain but would be effectively confined within its own borders without the presence of external military forces. But, clearly, no guarantees can be given to Moscow or Washington regarding the long-term political orientation of the countries concerned. (As this is written, the Soviet Union appears to be experimenting with a resolution of this type in Afghanistan; its terms do not appear consistent with prompt success.) This would work only if the United States and the U.S.S.R. agreed that henceforth they would live with outcomes determined by strictly local historical forces—an evidently difficult condition to live with given habits built up over the past 40 years. The Middle East would, of course, be extremely difficult to sort out in these terms, given the limited powers of the United States and the

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U.S.S.R. in the region. But, as elsewhere, those powers would be formidable if rooted in a joint conviction that the cold war was no longer a sensible framework for the conduct of U.S.-U.S.S.R. relations or the superpowers' respective relations with others.

In all cases, U.S.-U.S.S.R. understandings would be basic to a successful outcome, but the interests of many other states would be involved. Negotiations would therefore be complex. Moreover, the outcome would be stable only if new common rules were established and validated by successful experience. But once the expectation was established that all were engaged in transforming the cold war into something more desirable, the process might move forward quite briskly.

VIII

I am reasonably confident that this kind of scenario of how the cold war might end is realistic in that it conforms to historical forces likely to persist and gather strength. My uncertainty, however, is serious and comes to rest on two critical questions: one concerns the U.S.S.R., the other the United States.

The set of changes in Soviet relations with the United States, Western and Eastern Europe, and the developing regions implied by this scenario is quite significant. So are the changes required in Soviet society and its institutions to render the economy efficient and capable of absorbing in all sectors the remarkable flow of new technologies. As Marxists should be the first to acknowledge, technological changes of this magnitude require changes in politics, the language of politics, and the texture and institutions of social life. To use Khrushchev's good phrase, the age of "steel-eaters" is over.

It is easy to take the view that the Soviet political leadership, by some combination of Russian history, communist doctrine and institutional vested interest, is and will remain so deeply committed to indefinite expansion that only defeat in bloody war could bring about a resolution of the cold war—that is, the emergence of a Soviet Union which, like other latecomers, would come to accept fully that hegemony was beyond its grasp and that its primary task was to look after more conventional national interests in an increasingly complex, multipolar world by encouraging balance. Soviet leaders may even fear that such a change in perspective would undermine fatally the legitimacy of Communist Party rule over Russia. I am inclined to believe

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that, with the passage of time, the problem of legitimacy, however real it may have been earlier, has diminished. Perhaps the turning point was the Soviet role in the defeat of Germany in World War II. At the moment, one cannot help feeling that the viability of Soviet domestic rule hinges rather more on the progress of the economy than on the continued expansion of Soviet power. But Russia is unlikely to be exempted by history from the slow-working but stubborn and rising insistence of human beings on political systems that provide dignity and increasing degrees of human freedom. What matters, however, are not the views of external observers but the views of those who operate and live within the Soviet system.

In any case, I would judge that it is on the willingness of the Soviet leadership to make the requisite domestic changes that a soft landing depends; but the posture of the United States might affect that willingness to the extent that it generates in Moscow a sense of insecurity, security or revived hopes for hegemony.

This brings me to the second uncertainty: Is the United States, as a society, capable of a reasonably steady military and foreign policy? We have oscillated since 1945 between evasive illusions and feverish, belated efforts to halt or roll back Soviet expansionist initiatives launched to exploit those intervals of American myopia. We have survived on the basis of Dr. Samuel Johnson's dictum: "Depend upon it, Sir, when a man knows he is to be hanged in a fortnight, it concentrates his mind wonderfully." But our survival by periodic, belated, convulsive exertion has exacted great costs and imposed great risks on humanity in a nuclear age. After 40 years of cyclical behavior the leaders of both political parties ought to be able to unite on the need for a steady, long-term military and foreign policy.

Moreover, despite certain natural advantages, it is still to be demonstrated that American society and its political process will, in fact, make the necessary outlays for education and research, find a new generation of entrepreneurs and otherwise accept the discipline and flexibility that the age of the new technologies demands. Our performance thus far—especially at the level of national politics—suggests a society that prefers to go down in the style to which it has become accustomed rather than to grapple with reality.

Thus a soft landing from the cold war is an American as well as a Soviet responsibility; for a steady America, strong but not aggressive, paying its way in the world, conscious of the reality

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of its own interests as well as the legitimate interests of others, can help make the transition easier and more secure for the Soviet leadership. An America that once again slides into distracted complacency or continues to borrow rather than elevate productivity to sustain its amenities, could set in motion yet another cold-war cycle with potentially tragic results. The outcome might well be an extension of areas of chaos, including nuclear proliferation, beyond the capacity of either Moscow or Washington to control.

Be that as it may, the overriding lesson of the years since the Truman Doctrine and the Marshall Plan is that Soviet behavior cannot be predicted unless one answers the question: What is the Soviet view of the strength, unity and will of the United States?

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# THE SOURCES OF SOVIET CONDUCT

*by X*

The political personality of Soviet power as we know it today is the product of ideology and circumstances: ideology inherited by the present Soviet leaders from the movement in which they had their political origin, and circumstances of the power which they now have exercised for nearly three decades in Russia. There can be few tasks of psychological analysis more difficult than to try to trace the interaction of these two forces and the relative role of each in the determination of official Soviet conduct. Yet the attempt must be made if that conduct is to be understood and effectively countered.

It is difficult to summarize the set of ideological concepts with which the Soviet leaders came into power. Marxian ideology, in its Russian-Communist projection, has always been in process of subtle evolution. The materials on which it bases itself are extensive and complex. But the outstanding features of Communist thought as it existed in 1916 may perhaps be summarized as follows: (a) that the central factor in the life of man, the factor which determines the character of public life and the "physiognomy of society," is the system by which material goods are produced and exchanged; (b) that the capitalist system of production is a nefarious one which inevitably leads to the exploitation of the working class by the capital-owning class and is incapable of developing adequately the economic resources of society or of distributing fairly the material goods produced by human labor; (c) that capitalism contains the seeds of its own destruction and must, in view of the inability of the capital-owning class to adjust itself to economic change, result eventually and inescapably in a revolutionary transfer of power to the working class; and (d) that imperialism, the final phase of capitalism, leads directly to war and revolution.

The rest may be outlined in Lenin's own words: "Unevenness

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*Editor's Note.* "The Sources of Soviet Conduct," written by George F. Kennan under the pseudonym "X," was originally published in *Foreign Affairs* in July 1947.

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of economic and political development is the inflexible law of capitalism. It follows from this that the victory of Socialism may come originally in a few capitalist countries or even in a single capitalist country. The victorious proletariat of that country, having expropriated the capitalists and having organized Socialist production at home, would rise against the remaining capitalist world, drawing to itself in the process the oppressed classes of other countries."[1] It must be noted that there was no assumption that capitalism would perish without proletarian revolution. A final push was needed from a revolutionary proletariat movement in order to tip over the tottering structure. But it was regarded as inevitable that sooner or later that push be given.

For 50 years prior to the outbreak of the Revolution, this pattern of thought had exercised great fascination for the members of the Russian revolutionary movement. Frustrated, discontented, hopeless of finding self-expression—or too impatient to seek it—in the confining limits of the Tsarist political system, yet lacking wide popular support for their choice of bloody revolution as a means of social betterment, these revolutionists found in Marxist theory a highly convenient rationalization for their own instinctive desires. It afforded pseudo-scientific justification for their impatience, for their categorical denial of all value in the Tsarist system, for their yearning for power and revenge and for their inclination to cut corners in the pursuit of it. It is therefore no wonder that they had come to believe implicitly in the truth and soundness of the Marxian-Leninist teachings, so congenial to their own impulses and emotions. Their sincerity need not be impugned. This is a phenomenon as old as human nature itself. It has never been more aptly described than by Edward Gibbon, who wrote in *The Decline and Fall of the Roman Empire*: "From enthusiasm to imposture the step is perilous and slippery; the demon of Socrates affords a memorable instance how a wise man may deceive himself, how a good man may deceive others, how the conscience may slumber in a mixed and middle state between self-illusion and voluntary fraud." And it was with this set of conceptions that the members of the Bolshevik Party entered into power.

Now it must be noted that through all the years of prepara-

[1] "Concerning the Slogans of the United States of Europe," August 1915. Official Soviet edition of Lenin's works.

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tion for revolution, the attention of these men, as indeed of Marx himself, had been centered less on the future form which Socialism [2] would take than on the necessary overthrow of rival power which, in their view, had to precede the introduction of Socialism. Their views, therefore, on the positive program to be put into effect, once power was attained, were for the most part nebulous, visionary and impractical. Beyond the nationalization of industry and the expropriation of large private capital holdings there was no agreed program. The treatment of the peasantry, which according to the Marxist formulation was not of the proletariat, had always been a vague spot in the pattern of Communist thought; and it remained an object of controversy and vacillation for the first ten years of Communist power.

The circumstances of the immediate post-revolution period—the existence in Russia of civil war and foreign intervention, together with the obvious fact that the Communists represented only a tiny minority of the Russian people—made the establishment of dictatorial power a necessity. The experiment with "war Communism" and the abrupt attempt to eliminate private production and trade had unfortunate economic consequences and caused further bitterness against the new revolutionary regime. While the temporary relaxation of the effort to communize Russia, represented by the New Economic Policy, alleviated some of this economic distress and thereby served its purpose, it also made it evident that the "capitalistic sector of society" was still prepared to profit at once from any relaxation of governmental pressure, and would, if permitted to continue to exist, always constitute a powerful opposing element to the Soviet regime and a serious rival for influence in the country. Somewhat the same situation prevailed with respect to the individual peasant who, in his own small way, was also a private producer.

Lenin, had he lived, might have proved a great enough man to reconcile these conflicting forces to the ultimate benefit of Russian society, though this is questionable. But be that as it may, Stalin, and those whom he led in the struggle for succession to Lenin's position of leadership, were not the men to tolerate rival political forces in the sphere of power which they coveted. Their sense of insecurity was too great. Their partic-

[2] Here and elsewhere in this paper "Socialism" refers to Marxist or Leninist Communism, not to liberal Socialism of the Second International variety.

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ular brand of fanaticism, unmodified by any of the Anglo-Saxon traditions of compromise, was too fierce and too jealous to envisage any permanent sharing of power. From the Russian-Asiatic world out of which they had emerged they carried with them a skepticism as to the possibilities of permanent and peaceful coexistence of rival forces. Easily persuaded of their own doctrinaire "rightness," they insisted on the submission or destruction of all competing power. Outside of the Communist Party, Russian society was to have no rigidity. There were to be no forms of collective human activity or association which would not be dominated by the Party. No other force in Russian society was to be permitted to achieve vitality or integrity. Only the Party was to have structure. All else was to be an amorphous mass.

And within the Party the same principle was to apply. The mass of Party members might go through the motions of election, deliberation, decision and action; but in these motions they were to be animated not by their own individual wills but by the awesome breath of the Party leadership and the overbrooding presence of "the word."

Let it be stressed again that subjectively these men probably did not seek absolutism for its own sake. They doubtless believed—and found it easy to believe—that they alone knew what was good for society and that they would accomplish that good once their power was secure and unchallengeable. But in seeking that security of their own rule they were prepared to recognize no restrictions, either of God or man, on the character of their methods. And until such time as that security might be achieved, they placed far down on their scale of operational priorities the comforts and happiness of the peoples entrusted to their care.

Now the outstanding circumstance concerning the Soviet regime is that down to the present day this process of political consolidation has never been completed and the men in the Kremlin have continued to be predominantly absorbed with the struggle to secure and make absolute the power which they seized in November 1917. They have endeavored to secure it primarily against forces at home, within Soviet society itself. But they have also endeavored to secure it against the outside world. For ideology, as we have seen, taught them that the outside world was hostile and that it was their duty eventually to overthrow the political forces beyond their borders. The powerful hands of Russian history and tradition reached up to

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sustain them in this feeling. Finally, their own aggressive intransigence with respect to the outside world began to find its own reaction; and they were soon forced, to use another Gibbonesque phrase, "to chastise the contumacy" which they themselves had provoked. It is an undeniable privilege of every man to prove himself right in the thesis that the world is his enemy; for if he reiterates it frequently enough and makes it the background of his conduct he is bound eventually to be right.

Now it lies in the nature of the mental world of the Soviet leaders, as well as in the character of their ideology, that no opposition to them can be officially recognized as having any merit or justification whatsoever. Such opposition can flow, in theory, only from the hostile and incorrigible forces of dying capitalism. As long as remnants of capitalism were officially recognized as existing in Russia, it was possible to place on them, as an internal element, part of the blame for the maintenance of a dictatorial form of society. But as these remnants were liquidated, little by little, this justification fell away; and when it was indicated officially that they had been finally destroyed, it disappeared altogether. And this fact created one of the most basic of the compulsions which came to act upon the Soviet regime: since capitalism no longer existed in Russia and since it could not be admitted that there could be serious or widespread opposition to the Kremlin springing spontaneously from the liberated masses under its authority, it became necessary to justify the retention of the dictatorship by stressing the menace of capitalism abroad.

This began at an early date. In 1924 Stalin specifically defended the retention of the "organs of suppression," meaning, among others, the army and the secret police, on the ground that "as long as there is a capitalist encirclement there will be danger of intervention with all the consequences that flow from that danger." In accordance with that theory, and from that time on, all internal opposition forces in Russia have consistently been portrayed as the agents of foreign forces of reaction antagonistic to Soviet power.

By the same token, tremendous emphasis has been placed on the original Communist thesis of a basic antagonism between the capitalist and Socialist worlds. It is clear, from many indications, that this emphasis is not founded in reality. The real facts concerning it have been confused by the existence abroad of genuine resentment provoked by Soviet philosophy and

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tactics and occasionally by the existence of great centers of military power, notably the Nazi regime in Germany and the Japanese Government of the late 1930s, which did indeed have aggressive designs against the Soviet Union. But there is ample evidence that the stress laid in Moscow on the menace confronting Soviet society from the world outside its borders is founded not in the realities of foreign antagonism but in the necessity of explaining away the maintenance of dictatorial authority at home.

Now the maintenance of this pattern of Soviet power, namely, the pursuit of unlimited authority domestically, accompanied by the cultivation of the semi-myth of implacable foreign hostility, has gone far to shape the actual machinery of Soviet power as we know it today. Internal organs of administration which did not serve this purpose withered on the vine. Organs which did serve this purpose became vastly swollen. The security of Soviet power came to rest on the iron discipline of the Party, on the severity and ubiquity of the secret police, and on the uncompromising economic monopolism of the state. The "organs of suppression," in which the Soviet leaders had sought security from rival forces, became in large measure the masters of those whom they were designed to serve. Today the major part of the structure of Soviet power is committed to the perfection of the dictatorship and to the maintenance of the concept of Russia as in a state of siege, with the enemy lowering beyond the walls. And the millions of human beings who form that part of the structure of power must defend at all costs this concept of Russia's position, for without it they are themselves superfluous.

As things stand today, the rulers can no longer dream of parting with these organs of suppression. The quest for absolute power, pursued now for nearly three decades with a ruthlessness unparalleled (in scope at least) in modern times, has again produced internally, as it did externally, its own reaction. The excesses of the police apparatus have fanned the potential opposition to the regime into something far greater and more dangerous than it could have been before those excesses began.

But least of all can the rulers dispense with the fiction by which the maintenance of dictatorial power has been defended. For this fiction has been canonized in Soviet philosophy by the excesses already committed in its name; and it is now anchored

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in the Soviet structure of thought by bonds far greater than those of mere ideology.

II

So much for the historical background. What does it spell in terms of the political personality of Soviet power as we know it today?

Of the original ideology, nothing has been officially junked. Belief is maintained in the basic badness of capitalism, in the inevitability of its destruction, in the obligation of the proletariat to assist in that destruction and to take power into its own hands. But stress has come to be laid primarily on those concepts which relate most specifically to the Soviet regime itself: to its position as the sole truly Socialist regime in a dark and misguided world, and to the relationships of power within it.

The first of these concepts is that of the innate antagonism between capitalism and Socialism. We have seen how deeply that concept has become imbedded in foundations of Soviet power. It has profound implications for Russia's conduct as a member of international society. It means that there can never be on Moscow's side any sincere assumption of a community of aims between the Soviet Union and powers which are regarded as capitalist. It must invariably be assumed in Moscow that the aims of the capitalist world are antagonistic to the Soviet regime, and therefore to the interests of the peoples it controls. If the Soviet government occasionally sets its signature to documents which would indicate the contrary, this is to be regarded as a tactical maneuver permissible in dealing with the enemy (who is without honor) and should be taken in the spirit of *caveat emptor*. Basically, the antagonism remains. It is postulated. And from it flow many of the phenomena which we find disturbing in the Kremlin's conduct of foreign policy: the secretiveness, the lack of frankness, the duplicity, the wary suspiciousness and the basic unfriendliness of purpose. These phenomena are there to stay, for the foreseeable future. There can be variations of degree and of emphasis. When there is something the Russians want from us, one or the other of these features of their policy may be thrust temporarily into the background; and when that happens there will always be Americans who will leap forward with gleeful announcements that "the Russians have changed," and some who will even try to take credit for having brought about such "changes." But we

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should not be misled by tactical maneuvers. These characteristics of Soviet policy, like the postulate from which they flow, are basic to the internal nature of Soviet power, and will be with us, whether in the foreground or the background, until the internal nature of Soviet power is changed.

This means that we are going to continue for a long time to find the Russians difficult to deal with. It does not mean that they should be considered as embarked upon a do-or-die program to overthrow our society by a given date. The theory of the inevitability of the eventual fall of capitalism has the fortunate connotation that there is no hurry about it. The forces of progress can take their time in preparing the final *coup de grâce*. Meanwhile, what is vital is that the "Socialist fatherland"—that oasis of power which has been already won for Socialism in the person of the Soviet Union—should be cherished and defended by all good Communists at home and abroad, its fortunes promoted, its enemies badgered and confounded. The promotion of premature, "adventuristic" revolutionary projects abroad which might embarrass Soviet power in any way would be an inexcusable, even a counterrevolutionary act. The cause of Socialism is the support and promotion of Soviet power, as defined in Moscow.

This brings us to the second of the concepts important to contemporary Soviet outlook. That is the infallibility of the Kremlin. The Soviet concept of power, which permits no focal points of organization outside the Party itself, requires that the Party leadership remain in theory the sole repository of truth. For if truth were to be found elsewhere, there would be justification for its expression in organized activity. But it is precisely that which the Kremlin cannot and will not permit.

The leadership of the Communist Party is therefore always right, and has been always right ever since in 1929 Stalin formalized his personal power by announcing that decisions of the Politburo were being taken unanimously.

On the principle of infallibility there rests the iron discipline of the Communist Party. In fact, the two concepts are mutually self-supporting. Perfect discipline requires recognition of infallibility. Infallibility requires the observance of discipline. And the two together go far to determine the behaviorism of the entire Soviet apparatus of power. But their effect cannot be understood unless a third factor be taken into account: namely, the fact that the leadership is at liberty to put forward for tactical purposes any particular thesis which it finds useful to

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the cause at any particular moment and to require the faithful and unquestioning acceptance of the thesis by the members of the movement as a whole. This means that truth is not a constant but is actually created, for all intents and purposes, by the Soviet leaders themselves. It may vary from week to week, month to month. It is nothing absolute and immutable—nothing which flows from objective reality. It is only the most recent manifestation of the wisdom of those in whom the ultimate wisdom is supposed to reside, because they represent the logic of history. The accumulative effect of these factors is to give to the whole subordinate apparatus of Soviet power an unshakable stubbornness and steadfastness in its orientation. This orientation can be changed at will by the Kremlin but by no other power. Once a given party line has been laid down on a given issue of current policy, the whole Soviet governmental machine, including the mechanism of diplomacy, moves inexorably along the prescribed path, like a persistent toy automobile wound up and headed in a given direction, stopping only when it meets with some unanswerable force. The individuals who are the components of this machine are unamenable to argument or reason which comes to them from outside sources. Their whole training has taught them to mistrust and discount the glib persuasiveness of the outside world. Like the white dog before the phonograph, they hear only the "master's voice." And if they are to be called off from the purposes last dictated to them, it is the master who must call them off. Thus the foreign representative cannot hope that his words will make any impression on them. The most that he can hope is that they will be transmitted to those at the top, who are capable of changing the party line. But even those are not likely to be swayed by any normal logic in the words of the bourgeois representative. Since there can be no appeal to common purposes, there can be no appeal to common mental approaches. For this reason, facts speak louder than words to the ears of the Kremlin; and words carry the greatest weight when they have the ring of reflecting, or being backed up by, facts of unchallengeable validity.

But we have seen that the Kremlin is under no ideological compulsion to accomplish its purposes in a hurry. Like the Church, it is dealing in ideological concepts which are of long-term validity, and it can afford to be patient. It has no right to risk the existing achievements of the revolution for the sake of vain baubles of the future. The very teachings of Lenin himself

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require great caution and flexibility in the pursuit of Communist purposes. Again, these precepts are fortified by the lessons of Russian history: of centuries of obscure battles between nomadic forces over the stretches of a vast unfortified plain. Here caution, circumspection, flexibility and deception are the valuable qualities; and their value finds natural appreciation in the Russian or the oriental mind. Thus the Kremlin has no compunction about retreating in the face of superior force. And being under the compulsion of no timetable, it does not get panicky under the necessity for such retreat. Its political action is a fluid stream which moves constantly, wherever it is permitted to move, toward a given goal. Its main concern is to make sure that it has filled every nook and cranny available to it in the basin of world power. But if it finds unassailable barriers in its path, it accepts these philosophically and accommodates itself to them. The main thing is that there should always be pressure, unceasing constant pressure, toward the desired goal. There is no trace of any feeling in Soviet psychology that that goal must be reached at any given time.

These considerations make Soviet diplomacy at once easier and more difficult to deal with than the diplomacy of individual aggressive leaders like Napoleon and Hitler. On the one hand it is more sensitive to contrary force, more ready to yield on individual sectors of the diplomatic front when that force is felt to be too strong, and thus more rational in the logic and rhetoric of power. On the other hand it cannot be easily defeated or discouraged by a single victory on the part of its opponents. And the patient persistence by which it is animated means that it can be effectively countered not by sporadic acts which represent the momentary whims of democratic opinion but only by intelligent long-range policies on the part of Russia's adversaries—policies no less steady in their purpose, and no less variegated and resourceful in their application, than those of the Soviet Union itself.

In these circumstances it is clear that the main element of any United States policy toward the Soviet Union must be that of a long-term, patient but firm and vigilant containment of Russian expansive tendencies. It is important to note, however, that such a policy has nothing to do with outward histrionics: with threats or blustering or superfluous gestures of outward "toughness." While the Kremlin is basically flexible in its reaction to political realities, it is by no means unamenable to considerations of prestige. Like almost any other government,

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it can be placed by tactless and threatening gestures in a position where it cannot afford to yield even though this might be dictated by its sense of realism. The Russian leaders are keen judges of human psychology, and as such they are highly conscious that loss of temper and of self-control is never a source of strength in political affairs. They are quick to exploit such evidences of weakness. For these reasons, it is a sine qua non of successful dealing with Russia that the foreign government in question should remain at all times cool and collected and that its demands on Russian policy should be put forward in such a manner as to leave the way open for a compliance not too detrimental to Russian prestige.

III

In the light of the above, it will be clearly seen that the Soviet pressure against the free institutions of the Western world is something that can be contained by the adroit and vigilant application of counterforce at a series of constantly shifting geographical and political points, corresponding to the shifts and maneuvers of Soviet policy, but which cannot be charmed or talked out of existence. The Russians look forward to a duel of infinite duration, and they see that already they have scored great successes. It must be borne in mind that there was a time when the Communist Party represented far more of a minority in the sphere of Russian national life than Soviet power today represents in the world community.

But if ideology convinces the rulers of Russia that truth is on their side and that they can therefore afford to wait, those of us on whom that ideology has no claim are free to examine objectively the validity of that premise. The Soviet thesis not only implies complete lack of control by the west over its own economic destiny, it likewise assumes Russian unity, discipline and patience over an infinite period. Let us bring this apocalyptic vision down to earth, and suppose that the western world finds the strength and resourcefulness to contain Soviet power over a period of ten to fifteen years. What does that spell for Russia itself?

The Soviet leaders, taking advantage of the contributions of modern technique to the arts of despotism, have solved the question of obedience within the confines of their power. Few challenge their authority; and even those who do are unable to make that challenge valid as against the organs of suppression of the state.

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The Kremlin has also proved able to accomplish its purpose of building up in Russia, regardless of the interests of the inhabitants, an industrial foundation of heavy metallurgy, which is, to be sure, not yet complete but which is nevertheless continuing to grow and is approaching those of the other major industrial countries. All of this, however, both the maintenance of internal political security and the building of heavy industry, has been carried out at a terrible cost in human life and in human hopes and energies. It has necessitated the use of forced labor on a scale unprecedented in modern times under conditions of peace. It has involved the neglect or abuse of other phases of Soviet economic life, particularly agriculture, consumers' goods production, housing and transportation.

To all that, the war has added its tremendous toll of destruction, death and human exhaustion. In consequence of this, we have in Russia today a population which is physically and spiritually tired. The mass of the people are disillusioned, skeptical and no longer as accessible as they once were to the magical attraction which Soviet power still radiates to its followers abroad. The avidity with which people seized upon the slight respite accorded to the Church for tactical reasons during the war was eloquent testimony to the fact that their capacity for faith and devotion found little expression in the purposes of the regime.

In these circumstances, there are limits to the physical and nervous strength of people themselves. These limits are absolute ones, and are binding even for the cruelest dictatorship, because beyond them people cannot be driven. The forced labor camps and the other agencies of constraint provide temporary means of compelling people to work longer hours than their own volition or mere economic pressure would dictate; but if people survive them at all they become old before their time and must be considered as human casualties to the demands of dictatorship. In either case their best powers are no longer available to society and can no longer be enlisted in the service of the state.

Here only the younger generation can help. The younger generation, despite all vicissitudes and sufferings, is numerous and vigorous; and the Russians are a talented people. But it still remains to be seen what will be the effects on mature performance of the abnormal emotional strains of childhood which Soviet dictatorship created and which were enormously increased by the war. Such things as normal security and

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placidity of home environment have practically ceased to exist in the Soviet Union outside of the most remote farms and villages. And observers are not yet sure whether that is not going to leave its mark on the overall capacity of the generation now coming into maturity.

In addition to this, we have the fact that Soviet economic development, while it can list certain formidable achievements, has been precariously spotty and uneven. Russian Communists who speak of the "uneven development of capitalism" should blush at the contemplation of their own national economy. Here certain branches of economic life, such as the metallurgical and machine industries, have been pushed out of all proportion to other sectors of economy. Here is a nation striving to become in a short period one of the great industrial nations of the world while it still has no highway network worthy of the name and only a relatively primitive network of railways. Much has been done to increase efficiency of labor and to teach primitive peasants something about the operation of machines. But maintenance is still a crying deficiency of all Soviet economy. Construction is hasty and poor in quality. Depreciation must be enormous. And in vast sectors of economic life it has not yet been possible to instill into labor anything like that general culture of production and technical self-respect which characterizes the skilled worker of the west.

It is difficult to see how these deficiencies can be corrected at an early date by a tired and dispirited population working largely under the shadow of fear and compulsion. And as long as they are not overcome, Russia will remain economically a vulnerable, and in a certain sense an impotent, nation, capable of exporting its enthusiasm and of radiating the strange charm of its primitive political vitality but unable to back up those articles of export by the real evidences of material power and prosperity.

Meanwhile, a great uncertainty hangs over the political life of the Soviet Union. That is the uncertainty involved in the transfer of power from one individual or group of individuals to others.

This is, of course, outstandingly the problem of the personal position of Stalin. We must remember that his succession to Lenin's pinnacle of preeminence in the Communist movement was the only such transfer of individual authority which the Soviet Union has experienced. That transfer took 12 years to consolidate. It cost the lives of millions of people and shook

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the state to its foundations. The attendant tremors were felt all through the international revolutionary movement, to the disadvantage of the Kremlin itself.

It is always possible that another transfer of preeminent power may take place quietly and inconspicuously, with no repercussions anywhere. But again, it is possible that the questions involved may unleash, to use some of Lenin's words, one of those "incredibly swift transitions" from "delicate deceit" to "wild violence" which characterize Russian history, and may shake Soviet power to its foundations.

But this is not only a question of Stalin himself. There has been, since 1938, a dangerous congealment of political life in the higher circles of Soviet power. The All-Union Congress of Soviets, in theory the supreme body of the Party, is supposed to meet not less often than once in three years. It will soon be eight full years since its last meeting. During this period membership in the Party has numerically doubled. Party mortality during the war was enormous; and today well over half of the Party members are persons who have entered since the last Party congress was held. Meanwhile, the same small group of men has carried on at the top through an amazing series of national vicissitudes. Surely there is some reason why the experiences of the war brought basic political changes to every one of the great governments of the west. Surely the causes of that phenomenon are basic enough to be present somewhere in the obscurity of Soviet political life, as well. And yet no recognition has been given to these causes in Russia.

It must be surmised from this that even within so highly disciplined an organization as the Communist Party there must be a growing divergence in age, outlook and interest between the great mass of Party members, only so recently recruited into the movement, and the little self-perpetuating clique of men at the top, whom most of these Party members have never met, with whom they have never conversed, and with whom they can have no political intimacy.

Who can say whether, in these circumstances, the eventual rejuvenation of the higher spheres of authority (which can only be a matter of time) can take place smoothly and peacefully, or whether rivals in the quest for higher power will not eventually reach down into these politically immature and inexperienced masses in order to find support for their respective claims? If this were ever to happen, strange consequences could flow for the Communist Party: for the membership at large has been

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exercised only in the practices of iron discipline and obedience and not in the arts of compromise and accommodation. And if disunity were ever to seize and paralyze the Party, the chaos and weakness of Russian society would be revealed in forms beyond description. For we have seen that Soviet power is only a crust concealing an amorphous mass of human beings among whom no independent organizational structure is tolerated. In Russia there is not even such a thing as local government. The present generation of Russians have never known spontaneity of collective action. If, consequently, anything were ever to occur to disrupt the unity and efficacy of the Party as a political instrument, Soviet Russia might be changed overnight from one of the strongest to one of the weakest and most pitiable of national societies.

Thus the future of Soviet power may not be by any means as secure as Russian capacity for self-delusion would make it appear to the men in the Kremlin. That they can keep power themselves, they have demonstrated. That they can quietly and easily turn it over to others remains to be proved. Meanwhile, the hardships of their rule and the vicissitudes of international life have taken a heavy toll of the strength and hopes of the great people on whom their power rests. It is curious to note that the ideological power of Soviet authority is strongest today in areas beyond the frontiers of Russia, beyond the reach of its police power. This phenomenon brings to mind a comparison used by Thomas Mann in his great novel *Buddenbrooks*. Observing that human institutions often show the greatest outward brilliance at a moment when inner decay is in reality farthest advanced, he compared the Buddenbrook family, in the days of its greatest glamour, to one of those stars whose light shines most brightly on this world when in reality it has long since ceased to exist. And who can say with assurance that the strong light still cast by the Kremlin on the dissatisfied peoples of the western world is not the powerful afterglow of a constellation which is in actuality on the wane? This cannot be proved. And it cannot be disproved. But the possibility remains (and in the opinion of this writer it is a strong one) that Soviet power, like the capitalist world of its conception, bears within it the seeds of its own decay, and that the sprouting of these seeds is well advanced.

## IV

It is clear that the United States cannot expect in the foreseeable future to enjoy political intimacy with the Soviet re-

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gime. It must continue to regard the Soviet Union as a rival, not a partner, in the political arena. It must continue to expect that Soviet policies will reflect no abstract love of peace and stability, no real faith in the possibility of a permanent happy coexistence of the Socialist and capitalist worlds, but rather a cautious, persistent pressure toward the disruption and weakening of all rival influence and rival power.

Balanced against this are the facts that Russia, as opposed to the western world in general, is still by far the weaker party, that Soviet policy is highly flexible, and that Soviet society may well contain deficiencies which will eventually weaken its own total potential. This would of itself warrant the United States entering with reasonable confidence upon a policy of firm containment, designed to confront the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interest of a peaceful and stable world.

But in actuality the possibilities for American policy are by no means limited to holding the line and hoping for the best. It is entirely possible for the United States to influence by its actions the internal developments, both within Russia and throughout the international Communist movement, by which Russian policy is largely determined. This is not only a question of the modest measure of informational activity which this government can conduct in the Soviet Union and elsewhere, although that, too, is important. It is rather a question of the degree to which the United States can create among the peoples of the world generally the impression of a country which knows what it wants, which is coping successfully with the problems of its internal life and with the responsibilities of a world power, and which has a spiritual vitality capable of holding its own among the major ideological currents of the time. To the extent that such an impression can be created and maintained, the aims of Russian Communism must appear sterile and quixotic, the hopes and enthusiasm of Moscow's supporters must wane, and added strain must be imposed on the Kremlin's foreign policies. For the palsied decrepitude of the capitalist world is the keystone of Communist philosophy. Even the failure of the United States to experience the early economic depression which the ravens of the Red Square have been predicting with such complacent confidence since hostilities ceased would have deep and important repercussions throughout the Communist world.

By the same token, exhibitions of indecision, disunity and internal disintegration within this country have an exhilarating

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effect on the whole Communist movement. At each evidence of these tendencies, a thrill of hope and excitement goes through the Communist world; a new jauntiness can be noted in the Moscow tread; new groups of foreign supporters climb on to what they can only view as the bandwagon of international politics; and Russian pressure increases all along the line in international affairs.

In would be an exaggeration to say that American behavior unassisted and alone could exercise a power of life and death over the Communist movement and bring about the early fall of Soviet power in Russia. But the United States has it in its power to increase enormously the strains under which Soviet policy must operate, to force upon the Kremlin a far greater degree of moderation and circumspection than it has had to observe in recent years, and in this way to promote tendencies which must eventually find their outlet in either the breakup or the gradual mellowing of Soviet power. For no mystical, messianic movement—and particularly not that of the Kremlin—can face frustration indefinitely without eventually adjusting itself in one way or another to the logic of that state of affairs.

Thus the decision will really fall in large measure on this country itself. The issue of Soviet-American relations is in essence a test of the overall worth of the United States as a nation among nations. To avoid destruction the United States need only measure up to its own best traditions and prove itself worthy of preservation as a great nation.

Surely, there was never a fairer test of national quality than this. In the light of these circumstances, the thoughtful observer of Russian-American relations will find no cause for complaint in the Kremlin's challenge to American society. He will rather experience a certain gratitude to a Providence which, by providing the American people with this implacable challenge, has made their entire security as a nation dependent on their pulling themselves together and accepting the responsibilities of moral and political leadership that history plainly intended them to bear.

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*Walter Lippmann*

# THE COLD WAR

Mr. X's article is . . . not only an analytical interpretation of the sources of Soviet conduct. It is also a document of primary importance on the sources of American foreign policy—of at least that part of it which is known as the Truman Doctrine.

As such I am venturing to examine it critically in this essay. My criticism, I hasten to say at once, does not arise from any belief or hope that our conflict with the Soviet government is imaginary or that it can be avoided, or ignored, or easily disposed of. I agree entirely with Mr. X that the Soviet pressure cannot "be charmed or talked out of existence." I agree entirely that the Soviet power will expand unless it is prevented from expanding because it is confronted with power, primarily American power, that it must respect. But I believe, and shall argue, that the strategical conception and plan which Mr. X recommends is fundamentally unsound, and that it cannot be made to work, and that the attempt to make it work will cause us to squander our substance and our prestige.

## II

We must begin with the disturbing fact, which anyone who will reread the article can verify for himself, that Mr. X's conclusions depend upon the optimistic prediction that the "Soviet power . . . bears within itself the seeds of its own decay, and that the sprouting of these seeds is well advanced"; that if "anything were ever to occur to disrupt the unity and efficacy of the Party as a political instrument, Soviet Russia might be changed overnight (*sic*) from one of the strongest to one of the weakest and most pitiable of national societies"; and "that Soviet society may well (*sic*) contain deficiencies which will eventually weaken its own total potential."

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Of this optimistic prediction Mr. X himself says that it "cannot be proved. And it cannot be disproved." Nevertheless, he concludes that the United States should construct its policy on the assumption that the Soviet power is inherently weak and impermanent, and that this unproved assumption warrants our entering "with reasonable confidence upon a policy of firm containment, designed to confront the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interests of a peaceful and a stable world."

I do not find much ground for reasonable confidence in a policy which can be successful only if the most optimistic prediction should prove to be true. Surely a sound policy must be addressed to the worst and hardest that may be judged to be probable, and not to the best and easiest that may be possible.

As a matter of fact, Mr. X himself betrays a marked lack of confidence in his own diagnosis. For no sooner had he finished describing the policy of firm containment with unalterable counterforce at every point where the Russians show signs of encroaching, when he felt he must defend his conclusions against the criticism, one might almost say the wisecrack, that this is a policy of "holding the line and hoping for the best." His defense is to say that while he is proposing a policy of holding the line and hoping for the best, "in actuality the possibilities for American policy are by no means limited to holding the line and hoping for the best." The additional possibilities are not, however, within the scope of the authority of the Department of State: "the aims of Russian Communism must appear sterile and quixotic, the hopes and enthusiasms of Moscow's supporters must wane, and added strain must be imposed on the Kremlin's foreign policies" if "the United States can create among the peoples of the world generally the impression of a country which knows what it wants, which is coping successfully with the problems of its internal life and with the responsibilities of a world power, and which has a spiritual vitality capable of holding its own among the major ideological currents of the time."

This surely is a case of bolstering up the wishful thinking of "hoping for the best"—namely, the collapse of the Soviet power—by an extra strong dose of wishful thinking about the United States. There must be something deeply defective in Mr. X's estimates and calculations. For on his own showing,

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the policy cannot be made to work unless there are miracles and we get all the breaks.

In Mr. X's estimates there are no reserves for a rainy day. There is no margin of safety for bad luck, bad management, error and the unforeseen. He asks us to assume that the Soviet power is already decaying. He exhorts us to believe that our own highest hopes for ourselves will soon have been realized. Yet the policy he recommends is designed to deal effectively with the Soviet Union "as a rival, not a partner, in the political arena." Do we dare to assume, as we enter the arena and get set to run the race, that the Soviet Union will break its leg while the United States grows a pair of wings to speed it on its way?

Mr. X concludes his article on Soviet conduct and American policy by saying that "the thoughtful observer of Russian-American relations will . . . experience a certain gratitude to a Providence which, by providing the American people with this implacable challenge, has made their entire security as a nation dependent upon their pulling themselves together and accepting the responsibilities of moral and political leadership that history plainly intended them to bear." Perhaps. It may be that Mr. X has read the mind of Providence and that he knows what history plainly intended. But it is asking a good deal that the American people should stake their "entire security as a nation" upon a theory which, as he himself says, cannot be proved and cannot be disproved.

Surely it is by no means proved that the way to lead mankind is to spend the next ten or fifteen years, as Mr. X proposes we should, in reacting at "a series of constantly shifting geographical and political points, corresponding to the shifts and maneuvers of Soviet policy." For if history has indeed intended us to bear the responsibility of leadership, then it is not leadership to adapt ourselves to the shifts and maneuvers of Soviet policy at a series of constantly shifting geographical and political points. For that would mean for ten or fifteen years Moscow, not Washington, would define the issues, would make the challenges, would select the ground where the conflict was to be waged, and would choose the weapons. And the best that Mr. X can say for his own proposal is that if for a long period of time we can prevent the Soviet power from winning, the Soviet power will eventually perish or "mellow" because it has been "frustrated."

This is a dismal conclusion. Mr. X has, I believe, become

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bogged down in it because as he thought more and more about the conduct of the Soviets, he remembered less and less about the conduct of the other nations of the world. For while it may be true that the Soviet power would perish of frustration, if it were contained for ten or fifteen years, this conclusion is only half baked until he has answered the crucial question which remains: can the western world operate a policy of containment? Mr. X not only does not answer this question. He begs it, saying that it will be very discouraging to the Soviets, if the western world finds the strength and resourcefulness to contain the Soviet power over a period of ten or fifteen years.

III

Now the strength of the western world is great, and we may assume that its resourcefulness is considerable. Nevertheless, there are weighty reasons for thinking that the kind of strength we have and the kind of resourcefulness we are capable of showing are peculiarly unsuited to operating a policy of containment.

How, for example, under the Constitution of the United States is Mr. X going to work out an arrangement by which the Department of State has the money and the military power always available in sufficient amounts to apply "counterforce" at constantly shifting points all over the world? Is he going to ask Congress for a blank check on the Treasury and for a blank authorization to use the armed forces? Not if the American constitutional system is to be maintained. Or is he going to ask for an appropriation and for authority each time the Russians "show signs of encroaching upon the interests of a peaceful and stable world"? If that is his plan for dealing with the maneuvers of a dictatorship, he is going to arrive at the points of encroachment with too little and he is going to arrive too late. The Russians, if they intend to encroach, will have encroached while Congress is getting ready to hold hearings.

A policy of shifts and maneuvers may be suited to the Soviet system of government, which, as Mr. X tells us, is animated by patient persistence. It is not suited to the American system of government.

It is even more unsuited to the American economy which is unregimented and uncontrolled, and therefore cannot be administered according to a plan. Yet a policy of containment cannot be operated unless the Department of State can plan and direct exports and imports. For the policy demands that

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American goods be delivered or withheld at "constantly shifting geographical and political points corresponding to the shifts and maneuvers of Soviet policy."

Thus Mr. X and the planners of policy in the State Department, and not supply and demand in the world market, must determine continually what portion of the commodities produced here may be sold in the United States, what portion is to be set aside for export, and then sold, lent, or given to this foreign country rather than to that one. The Department of State must be able to allocate the products of American industry and agriculture, to ration the goods allocated for export among the nations which are to contain the Soviet Union and to discriminate among them, judging correctly and quickly how much each nation must be given, how much each nation can safely be squeezed, so that all shall be held in line to hold the line against the Russians.

If then the Kremlin's challenge to American society is to be met by the policy which Mr. X proposes, we are committed to a contest, for ten or fifteen years, with the Soviet system which is planned and directed from Moscow. Mr. X is surely mistaken, it seems to me, if he thinks that a free and undirected economy like our own can be used by the diplomatic planners to wage a diplomatic war against a planned economy at a series of constantly shifting geographical and political points. He is proposing to meet the Soviet challenge on the ground which is most favorable to the Soviets, and with the very instruments, procedures, and weapons in which they have a manifest superiority.

## IV

I find it hard to understand how Mr. X could have recommended such a strategic monstrosity. For he tells us, no doubt truly, that the Soviet power "cannot be easily defeated or discouraged by a single victory on the part of its opponents," and that "the patient persistence by which it is animated" means that it cannot be "effectively countered" by "sporadic acts." Yet his own policy calls for a series of sporadic acts: the United States is to apply "counterforce" where the Russians encroach and when they encroach.

On his own testimony no single victory will easily defeat or discourage the patient persistence of the Kremlin. Yet Mr. X says that the United States should aim to win a series of victories which will cause the Russians to "yield on individual sectors of

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the diplomatic front." And then what? When the United States has forced the Kremlin to "face frustration indefinitely" there will "eventually" come "either the breakup or the gradual mellowing of the Soviet power."

There is, however, no rational ground for confidence that the United States could muster "unalterable counterforce" at all the individual sectors. The Eurasian continent is a big place, and the military power of the United States, though it is very great, has certain limitations which must be borne in mind if it is to be used effectively. We live on an island continent. We are separated from the theaters of conflict by the great oceans. We have a relatively small population, of which the greater proportion must in time of war be employed in producing, transporting and servicing the complex weapons and engines which constitute our military power. The United States has, as compared with the Russians, no adequate reserve of infantry. Our navy commands the oceans and we possess the major offensive weapons of war. But on the ground in the interior of the Eurasian continent, as we are learning in the Greek mountains, there may be many "individual sectors" where only infantry can be used as the "counterforce."

These considerations must determine American strategy in war and, therefore, also in diplomacy, whenever the task of diplomacy is to deal with a conflict and a contest of power. The planner of American diplomatic policy must use the kind of power we do have, not the kind we do not have. He must use that kind of power where it can be used. He must avoid engagements in those "individual sectors of the diplomatic front" where our opponents can use the weapons in which they have superiority. But the policy of firm containment as defined by Mr. X ignores these tactical considerations. It makes no distinction among sectors. It commits the United States to confront the Russians with counterforce "at every point" along the line, instead of at those points which we have selected because, there at those points, our kind of sea and air power can best be exerted.

American military power is peculiarly unsuited to a policy of containment which has to be enforced persistently and patiently for an indefinite period of time. If the Soviet Union were an island like Japan, such a policy could be enforced by American sea and air power. The United States could, without great difficulty, impose a blockade. But the Soviet Union has to be

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contained on land, and "holding the line" is therefore a form of trench warfare.

Yet the genius of American military power does not lie in holding positions indefinitely. That requires a massive patience by great hordes of docile people. American military power is distinguished by its mobility, its speed, its range and its offensive striking force. It is, therefore, not an efficient instrument for a diplomatic policy of containment. It can only be the instrument of a policy which has as its objective a decision and a settlement. It can and should be used to redress the balance of power which has been upset by the war. But it is not designed for, or adapted to, a strategy of containing, waiting, countering, blocking, with no more specific objective than the eventual "frustration" of the opponent.

The Americans would themselves probably be frustrated by Mr. X's policy long before the Russians were.

V

There is still greater disadvantage in a policy which seeks to "contain" the Soviet Union by attempting to make "unassailable barriers" out of the surrounding border states. They are admittedly weak. Now a weak ally is not an asset. It is a liability. It requires the diversion of power, money, and prestige to support it and to maintain it. These weak states are vulnerable. Yet the effort to defend them brings us no nearer to a decision or to a settlement of the main conflict. Worst of all, the effort to develop such an unnatural alliance of backward states must alienate the natural allies of the United States.

The natural allies of the United States are the nations of the Atlantic community: that is to say, the nations of western Europe and of the Americas. The Atlantic Ocean and the Mediterranean Sea, which is an arm of the Atlantic Ocean, unite them in a common strategic, economic and cultural system. The chief components of the Atlantic community are the British Commonwealth of nations, the Latin states on both sides of the Atlantic, the Low Countries and Switzerland, Scandinavia and the United States.

The boundaries of the Atlantic community are not sharp and distinct, particularly in the case of the Germans and the western Slavs and the dependencies and the colonies of western Europe. But the nucleus of the Atlantic community is distinct and unmistakable, and among the nations that are indisputably members of the Atlantic community there exists a vital con-

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nection founded upon their military and political geography, the common traditions of western Christendom, and their economic, political, legal, and moral institutions which, with all their variations and differences, have a common origin and have been shaped by much the same historic experience.

Now the policy of containment, as described by Mr. X, is an attempt to organize an anti-Soviet alliance composed in the first instance of peoples that are either on the shadowy extremity of the Atlantic community, or are altogether outside it. The active proponents of the policy have been concerned immediately with the anti-Soviet parties and factions of eastern Europe, with the Greeks, the Turks, the Iranians, the Arabs and Afghans, and with the Chinese Nationalists.

Instead of concentrating their attention and their efforts upon our old allies of the Atlantic community, the makers and shapers of the policy of containment have for more than a year been reaching out for new allies on the perimeter of the Soviet Union. This new coalition, as we can see only too clearly in Greece, in Iran, in the Arab states and in China, cannot in fact be made to coalesce. Instead of becoming an unassailable barrier against the Soviet power, this borderland is a seething stew of civil strife.

We have not succeeded in organizing the new and alien coalition of the Russian perimeter, and we have failed to consolidate, as the mounting crisis of western Europe and of Latin America shows, the old and familiar coalition of the Atlantic community. The supporters of the Truman Doctrine attribute the divisions and the paralysis of western Europe to the machinations of the Soviet Union, to its obstruction in the United Nations and in all the various peace conferences, to the propaganda, the infiltration of the communist parties. Perhaps. But their argument, if true, destroys the last reason for thinking that the policy of containment can be made to work successfully.

For the nations of the Atlantic community are not occupied by the Red Army. They cannot be occupied by the Red Army unless the Kremlin is prepared to face a full-scale world war, atomic bombs and all the rest. Though impoverished and weakened, the nations of the Atlantic community are incomparably stronger, richer, more united and politically more democratic and mature than any of the nations of the Russian perimeter.

If the Soviet Union is, nevertheless, able to paralyze and

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disorganize them, then surely it can much more readily paralyze and disorganize the nations of the perimeter. They are already paralyzed and disorganized. They have never, in fact, been organized and effective modern states. Yet we are asked to believe that we can organize the perimeter of Russia, though the Russians are so strong and so cunning that we cannot consolidate the Atlantic community.

By concentrating our efforts on a diplomatic war in the borderlands of the Soviet Union, we have neglected—because we do not have unlimited power, resources, influence, and diplomatic brain power—the vital interests of our natural allies in western Europe, notably in reconstructing their economic life and in promoting a German settlement on which they can agree.

The failure of our diplomatic campaign in the borderlands, on which we have staked so much too much, has conjured up the specter of a Third World War. The threat of a Russian-American war, arising out of the conflict in the borderlands, is dissolving the natural alliance of the Atlantic community. For the British, the French, and all the other Europeans see that they are placed between the hammer and the anvil. They realize, even if we do not realize it, that the policy of containment, in the hope that the Soviet power will collapse by frustration, cannot be enforced and cannot be administered successfully, and that it must fail. Either Russia will burst through the barriers which are supposed to contain her, and all of Europe will be at her mercy, or at some point and at some time, the diplomatic war will become a full-scale shooting war. In either event Europe is lost. Either Europe falls under the domination of Russia, or Europe becomes the battlefield of a Russian-American war.

Because the policy of containment offers these intolerable alternatives to our old allies, the real aim of every European nation, including Great Britain, is to extricate itself from the Russian-American conflict. While we have been devoting our energies to lining up and bolstering up the Chinese Nationalists, the Iranians, the Turks, the Greek monarchists and conservatives, the anti-Soviet Hungarians, Romanians, Poles, the natural alignment of the British, French, Belgians, Dutch, Swiss and Scandinavians has been weakened.

And so in any prudent estimate of our world position, they are no longer to be counted upon as firm members of a coalition led by the United States against the Soviet Union. We must

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not deceive ourselves by supposing that we stand at the head of a worldwide coalition of democratic states in our conflict with the Soviet Union.

The aim of the leading democratic states of Europe and probably also of the Americas is at best to hold the balance of power between Russia and America, and thus to become mediators of that conflict. At worst, their aim is to isolate themselves in some kind of neutrality which will spare them the dual catastrophe of being overrun by the Red Army and bombed by the American air forces.

For they cannot have reasonable confidence in what Mr. X says is sufficient ground for reasonable confidence. They cannot rely on his wishful prediction which "cannot be proved" and "cannot be disproved," that the Soviet power will break up or "mellow" when it has been frustrated for ten or fifteen years by unassailable barriers in such inaccessible "individual sectors" as Manchuria, Mongolia, north China, Afghanistan, Iran, Hungary and Romania.

They remember Mr. Chamberlain's efforts to contain Hitler by a guarantee to Poland. They remember Mr. Hull's effort to contain Japan in China. They know that a policy of containment does not contain, that measures of "counterforce" are doomed to be too late and too little, that a policy of holding the line and hoping for the best means the surrender of the strategic initiative, the dispersion of our forces without prospect of a decision and a settlement, and in the end a war which, once begun, it would be most difficult to conclude.

## VI

In the introduction to this essay, I said that Mr. X's article on "The Sources of Soviet Conduct" was "a document of primary importance on the sources of American foreign policy" in that it disclosed to the world the estimates, the calculations, and the conclusions on which is based *that part* of American foreign policy which is known as the Truman Doctrine. Fortunately, it seems to me, the Truman Doctrine does not have a monopoly. Though it is a powerful contender for the control of our foreign policy, there are at least two serious competitors in the field. One we may call the Marshall line, and the other is the American commitment to support the United Nations.

The contest between the Truman Doctrine on the one hand, the Marshall line and the support of the U.N. on the other is the central drama within the State Department, within the

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Administration, within the government as a whole. The outcome is still undecided.

The real issue is hidden because the Truman Doctrine was promulgated shortly after General Marshall became secretary of state, and because he made the decision to go to the support of Greece and Turkey, which was a concrete application of the Truman Doctrine. The issue is confused by the fact that Mr. Molotov and the Soviet propaganda abroad and many publicists here at home are representing the Marshall proposals to Europe as an application of the Truman Doctrine. The confusion is compounded still more because the director of Secretary Marshall's planning staff is now known, through the publication of Mr. X's article, to have been the leading expert upon whose observations, predictions, and hypotheses the Truman Doctrine is based.

Nevertheless, if we look at the two main theaters of American diplomatic interest—at China and at Europe—and if we fix our attention on Secretary Marshall's approach, we can see a line of policy developing which is altogether different from the line of the Truman Doctrine. General Marshall's report on China, which has now been reviewed and confirmed by General Wedemeyer, made it quite clear that in his judgment we could not, and should not, attempt the kind of intervention in China which we are carrying on in Greece. The Marshall and Wedemeyer reports do not argue that we can contain the Soviet Union and erect unassailable barriers in its path by participating in the Chinese civil war, as we are in the Greek civil war, and by underwriting Chiang Kai-shek's government as we are underwriting the Athens government. The Marshall line in China is not an application of the Truman Doctrine, but of an older American doctrine that we must not become entangled all over the world in disputes that we alone cannot settle.

Yet the Marshall line in China is not isolationist. It would not end in our ceasing to interest ourselves in China and in giving Russia a free hand. But it is emphatically not the line of the Truman Doctrine which would involve us as partisans in the Chinese conflict and as patrons of one faction.

The line of the Marshall policy in China is to disentangle the United States, to reduce, not to extend, our commitments in Asia, to give up the attempt to control events which we do not have the power, the influence, the means, and the knowledge to control.

The proposal which Secretary Marshall addressed to Europe

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in his Harvard speech last June was animated by the same fundamental conception—as China's problem has to be dealt with primarily by the Chinese, so European problems have to be dealt with primarily by Europeans. Thus there was no "Marshall Plan" for Europe: the essence of his proposal was that only a European plan for Europe could save Europe, or provide a basis on which the American people could prudently and fairly be asked to help Europe save itself. The Marshall proposal was not, as Mr. Molotov and many Americans who do not understand it have tried to make out, an extension to Europe as a whole of the experiment in Greece. Quite the contrary. In Greece we made an American plan, appropriated the money, entered Greece and are now trying to induce the Greek government to carry out our plan. In the Harvard speech Secretary Marshall reversed this procedure. He told the European governments to plan their own rehabilitation, and that then he would go to Congress for funds, and that then the European governments would have to carry out their plans as best they could with the funds he could persuade Congress to appropriate.

The difference is fundamental. The Truman Doctrine treats those who are supposed to benefit by it as dependencies of the United States, as instruments of the American policy for "containing" Russia. The Marshall speech at Harvard treats the European governments as independent powers, whom we must help but cannot presume to govern, or to use as instruments of an American policy.

The Harvard speech was delivered about three months after President Truman's message. Much had happened in those three months, and all of it had gone to show that while Congress and the people were willing to applaud the Truman Doctrine, because they are exasperated with Russia, they were not going to support it with the funds and blanket authority which it requires. Though the President got the funds he asked for in order to apply his doctrine in Greece and Turkey, he got them after a long delay and in circumstances which were tantamount to telling him not to come back too soon for much more. The plans which existed for extending the Truman Doctrine to Korea and then to a series of impoverished, disordered and threatened countries on the perimeter of the Soviet Union were discreetly shelved.

Yet a crisis, enormously greater than that in Greece or Korea or Iran or Turkey, was developing. It was a crisis of the British

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Empire, and of France, and of Italy, and indeed of the whole western world. Extraordinary measures of American assistance were obviously going to be needed. After Congress had showed its attitude last spring, there was no possibility that this assistance would be provided by applying the principles, the procedure and the precedent of the Truman Doctrine, as it had been revealed in the Greek affair. A wholly different conception and a radically different approach were necessary if the crisis of the western world was to be dealt with.

Out of the knowledge that the Truman Doctrine was unworkable in Europe, that Congress would not support it anyway, and that a constructive revival of European collaboration was imperatively necessary, the policy of the Harvard speech was conceived. And I think it is true to say that those who conceived it were concerned not only to devise a way by which Europe could be saved from economic disaster, but also to devise a graceful way of saving the United States from the destructive and exhausting entanglements of the Truman Doctrine.

They may not succeed. If the planning of policy in the Truman Administration were to be dominated by the conclusions propounded by Mr. X, the Marshall proposals would fail. For the European crisis is insoluble if Europe remains divided by the iron curtain, raised by the Russians, and by the containing wall which we are supposed to construct.

But there are reasons for thinking that the Russians will not be able to maintain the iron curtain and that we cannot construct western Europe as a containing wall. They are that the vital needs of the people of Europe will prevail: the economic interdependence of western and eastern Europe will compel the nations of the continent to exchange their goods across the military, political and ideological boundary lines which now separate them.

The great virtue of the Marshall proposal is that it has set in motion studies abroad and in this country which will demonstrate conclusively that the division of Europe cannot be perpetuated. And since the division of Europe came about because the Red Army and the Anglo-American armies met in the middle of Europe, the withdrawal of these armies is necessary if Europe is to be reunited. The Harvard speech calls, therefore, for a policy of settlement, addressed to the military evacuation of the continent, not for a policy of containment

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which would freeze the non-European armies in the heart of Europe.

The Marshall studies will show that the industrialized areas of western Europe cannot be supported, except to relieve their most pressing immediate needs, from North and South America. They must revive their trade with the agricultural regions of eastern Europe and with European Russia. If they do not do that, the cost of maintaining a tolerable standard of life in western Europe will be exorbitant, and the effort to meet it will require a revolutionary readjustment of the economic life of the whole western hemisphere.

At the same time studies made in Warsaw, Prague and in Moscow will show that the problems of eastern Europe are insoluble without increasing economic intercourse with western Europe. Thus from all quarters in eastern Europe and in western Europe, in Washington and in Moscow, the pressure will increase to reunite the divided economy of Europe—and perhaps to go on towards a greater unity than ever existed before.

VII

At the root of Mr. X's philosophy about Russian-American relations and underlying all the ideas of the Truman Doctrine there is a disbelief in the possibility of a settlement of the issues raised by this war. Having observed, I believe quite correctly, that we cannot expect "to enjoy political intimacy with the Soviet regime," and that we must "regard the Soviet Union as a rival, not a partner in the political arena," and that "there can be no appeal to common purposes," Mr. X has reached the conclusion that all we can do is to "contain" Russia until Russia changes, ceases to be our rival, and becomes our partner.

The conclusion is, it seems to me, quite unwarranted. The history of diplomacy is the history of relations among rival powers, which did not enjoy political intimacy, and did not respond to appeals to common purposes. Nevertheless, there have been settlements. Some of them did not last very long. Some of them did. For a diplomat to think that rival and unfriendly powers cannot be brought to a settlement is to forget what diplomacy is about. There would be little for diplomats to do if the world consisted of partners, enjoying political intimacy, and responding to common appeals.

The method by which diplomacy deals with a world where there are rival powers is to organize a balance of power which

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deprives the rivals, however lacking in intimacy and however unresponsive to common appeals, of a good prospect of successful aggression. That is what a diplomat means by the settlement of a conflict among rival powers. He does not mean that they will cease to be rivals. He does not mean that they will all be converted to thinking and wanting the same things. He means that, whatever they think, whatever they want, whatever their ideological purposes, the balance of power is such that they cannot afford to commit aggression.

In our conflict with Russia a policy of settlement—as I have sought to show—would aim to redress the balance of power, which is abnormal and dangerous, because the Red Army has met the British and American armies in the heart of Europe. The division between east and west is at that military boundary line. The meeting of those armies caused the division. No state in eastern Europe can be independent of the Kremlin as long as the Red Army is within it and all around it. No state in western Europe is independent while it is in effect in the rear of this military frontier. The presence of these non-European armies in the continent of Europe perpetuates the division of Europe. The Soviet government has been communist for thirty years. For more than a hundred years all Russian governments have sought to expand over eastern Europe. But only since the Red Army reached the Elbe River have the rulers of Russia been able to realize the ambitions of the Russian Empire and the ideological purposes of communism.

A genuine policy would, therefore, have as its paramount objective a settlement which brought about the evacuation of Europe. That is the settlement which will settle the issue which has arisen out of the war. The communists will continue to be communists. The Russians will continue to be Russians. But if the Red Army is in Russia, and not on the Elbe, the power of the Russian communists and the power of the Russian imperialists to realize their ambitions will have been reduced decisively.

Until a settlement which results in withdrawal is reached, the Red Army at the center of Europe will control eastern Europe and will threaten western Europe. In those circumstances American power must be available, not to "contain" the Russians at scattered points, but to hold the whole Russian military machine in check, and to exert a mounting pressure in support of a diplomatic policy which has as its concrete objective a settlement that means withdrawal.

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Then we shall know what we are trying to do. The Russians will know it. Europe will know it. We shall be trying to do a great thing which is simple and necessary: to settle the main actual consequences of this particular war, to put an end to the abnormal situation where Europe, one of the chief centers of civilization, though liberated from the Nazis, is still occupied by its non-European liberators.

We shall be addressing ourselves to an objective to which our own power is suited—be it in diplomacy or in war. We shall be seeking an end that all men can understand, and one which expresses faithfully our oldest and best tradition—to be the friend and the champion of nations seeking independence and an end to the rule of alien powers.

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*George F. Kennan*

# CONTAINMENT THEN AND NOW

The word "containment," of course, was not new in the year 1946. What was new, perhaps, was its use with relation to the Soviet Union and Soviet-American relations. What brought the word to public attention in this connection was its use in an article that appeared in 1947, in this magazine, under the title of "The Sources of Soviet Conduct," and was signed with what was supposed to have been an anonymous X. This piece was not originally written for publication; it was written privately for our first secretary of defense, James Forrestal, who had sent me a paper on communism and asked me to comment on it. It was written, as I recall, in December 1946, in the northwest corner room on the ground floor of the National War College building. At the time I was serving as deputy commandant for foreign affairs at the college. I suppose it is fitting that I, for my sins, should try to explain something about how the word "containment" came to be used in that document, and what it was meant to signify.

One must try to picture the situation that existed in that month of December 1946. The Second World War was only a year and some months in the past. U.S. armed forces were still in the process of demobilization; so, too, though to a smaller extent (because the Russians proposed to retain a much larger peacetime establishment than we did), were those of the Soviet Union.

In no way did the Soviet Union appear to me, at that moment, as a military threat to this country. Russia was at that time utterly exhausted by the exertions and sacrifices of the recent war. Something like 25 million of its people had been killed. The physical destruction had been appalling. In a large portion of the territory of European Russia, the devastation

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had to be seen to be believed. Reconstruction alone was obviously going to take several years. The need for peace, and the thirst for peace, among the Russian people was overwhelming. To have remobilized the Soviet armed forces at that time for another war effort, and particularly an aggressive one, would have been unthinkable. Russia then had no navy to speak of and virtually no strategic air force. It had never tested a nuclear weapon. There was uncertainty over when Russia would test one, and there was even more uncertainty over when, or whether, it would ever develop the means of long-range delivery of nuclear warheads. The United States itself had not yet developed such delivery systems.

In these circumstances, there was no way that Russia could appear to me as a military threat. It is true that even then the Soviet Union was credited—and credited by some of my colleagues at the War College—with the capability of overrunning Western Europe with its remaining forces, if it wanted to do so. But I myself regarded those calculations as exaggerated (I still do); and I was convinced that there was very little danger of anything of that sort. So when I used the word "containment" with respect to that country in 1946, what I had in mind was not at all the averting of the sort of military threat people talk about today.

What I *did* think I saw—and what explained the use of that term—was what I might call an ideological-political threat. Great parts of the northern hemisphere—notably Western Europe and Japan—had just then been seriously destabilized, socially, spiritually and politically, by the experiences of the recent war. Their populations were dazed, shell-shocked, uncertain of themselves, fearful of the future, highly vulnerable to the pressures and enticements of communist minorities in their midst. The world communist movement was at that time a unified, disciplined movement, under the total control of the Stalin regime in Moscow. Not only that, but the Soviet Union had emerged from the war with great prestige for its immense and successful war effort. The Kremlin was, for this and for other reasons, in a position to manipulate these foreign communist parties very effectively in its own interests.

As for the intentions of the Stalin regime toward the United States, I had no illusions. I had already served three tours of duty in Stalin's Russia—had in fact just come home from the last of these tours when I came to the War College; and I had nothing but suspicion for the attitude of the Stalin regime

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toward us or toward the other recent Western Allies. Stalin and the men around him were far worse—more sinister, more cruel, more devious, more cynically contemptuous of us—than anything we face today. I felt that if Moscow should be successful in taking over any of those major Western countries, or Japan, by ideological-political intrigue and penetration, this would be a defeat for us, and a blow to our national security, fully as serious as would have been a German victory in the war that had just ended.

One must also remember that during that war, and to some extent into the post-hostilities period as well, the U.S. government had tried to win the confidence and the good disposition of the Soviet government by fairly extensive concessions to Soviet demands with respect to the manner in which the war was fought and to the prospects for the postwar international order. The United States had raised no serious objection to the extension of the Soviet borders to the west. Our government had continued to extend military aid to the Soviet Union even when its troops were overrunning most of the rest of Eastern Europe. We had complacently allowed its forces to take Prague and Berlin and surrounding areas even when there was a possibility that our forces could arrive there just as soon as theirs did. The Russians were refusing to give us even a look in their zone of occupation in Germany but were demanding a voice in the administration and reconstruction of the Ruhr industrial region in western Germany.

Now there seemed to be a danger that communist parties subservient to Moscow might seize power in some of the major Western European countries, notably Italy and France, and possibly in Japan. And what I was trying to say, in the *Foreign Affairs* article, was simply this: "Don't make any more unnecessary concessions to these people. Make it clear to them that they are not going to be allowed to establish any dominant influence in Western Europe and in Japan if there is anything we can do to prevent it. When we have stabilized the situation in this way, then perhaps we will be able to talk with them about some sort of a general political and military disengagement in Europe and in the Far East—not before." This, to my mind, was what was meant by the thought of "containing communism" in 1946.

One may wish to compare that situation with the one the United States faces today, and to take account of the full dimensions of the contrast—between the situation we then

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confronted and the one we confront today. I must point out that neither of the two main features of the situation we were confronting in 1946 prevails today; on the contrary, the situation is almost exactly the reverse.

I saw at that time, as just stated, an ideological-political threat emanating from Moscow. I see no comparable ideological-political threat emanating from Moscow at the present time. The Leninist-Stalinist ideology has almost totally lost appeal everywhere outside the Soviet orbit, and partially within that orbit as well. And the situation in Western Europe and Japan has now been stabilized beyond anything we at that time were able even to foresee. Whatever other dangers may today confront those societies, a takeover, politically, by their respective communist parties is simply not in the cards.

One may say, yes, but look at Soviet positions in such places as Ethiopia and Angola. Fair enough. Let us look at them, but not exaggerate them. Aside from the fact that these places are mostly remote from our own defensive interests, what are the Russians doing there? With the exception of Afghanistan, where their involvement goes much further, they are selling arms and sending military advisers—procedures not too different from many of our own. Can they translate those operations into ideological enthusiasm or political loyalty on the part of the recipient Third World regimes? No more, in my opinion, than we can. These governments will take what they can get from Moscow—take it cynically and without gratitude, as they do from us. And they will do lip service to a political affinity with Moscow precisely as long as it suits their interest to do it and not a moment longer. Where the Russians acquire bases or other substantial military facilities, this has, of course, greater military significance. But it is not an ideological threat.

On the other hand, whereas in 1946 the military aspect of our relationship to the Soviet Union hardly seemed to come into question at all, today that aspect is obviously of prime importance. But here, lest the reader be left with a misunderstanding, a caveat must be voiced.

When I say that this military factor is now of prime importance, it is not because I see the Soviet Union as threatening the United States or its allies with armed force. It is entirely clear to me that Soviet leaders do not want a war with us and are not planning to initiate one. In particular, I have never believed that they have seen it as in their interests to overrun Western Europe militarily, or that they would have launched

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an attack on that region generally even if the so-called nuclear deterrent had not existed. But I recognize that the sheer size of their armed forces establishment is a disquieting factor for many of our allies. And, more important still, I see the weapons race in which we and they are now involved as a serious threat in its own right, not because of aggressive intentions on either side but because of the compulsions, the suspicions, the anxieties such a competition engenders, and because of the very serious dangers it carries with it of unintended complications—by error, by computer failure, by misread signals, or by mischief deliberately perpetrated by third parties.

For all these reasons, there is now indeed a military aspect to the problem of containment as there was not in 1946; but what most needs to be contained, as I see it, is not so much the Soviet Union as the weapons race itself. And this danger does not even arise primarily from political causes. One must remember that while there are indeed serious political disagreements between the two countries, there is no political issue outstanding between them which could conceivably be worth a Soviet-American war or which could be solved, for that matter, by any great military conflict of that nature.

The weapons race is not all there is in this imperfect world that needs to be contained. There are many other sources of instability and trouble. There are local danger spots scattered about in the Third World. There is the dreadful situation in southern Africa. There is the grim phenomenon of a rise in several parts of the world of a fanatical and wildly destructive religious fundamentalism, and there is the terrorism to which that sort of fundamentalism so often resorts. There is the worldwide environmental crisis, the rapid depletion of the world's nonrenewable energy resources, the steady pollution of its atmosphere and its waters—the general deterioration of its environment as a support system for civilized living.

And finally, there is much in our own life, here in this country, that needs early containment. It could, in fact, be said that the first thing we Americans need to learn to contain is, in some ways, ourselves: our own environmental destructiveness, our tendency to live beyond our means and to borrow ourselves into disaster, our apparent inability to reduce a devastating budgetary deficit, our comparable inability to control the immigration into our midst of great masses of people of wholly different cultural and political traditions.

In short, if we are going to talk about containment in the

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context of today, then I think we can no longer apply that term just to the Soviet Union and particularly not to a view of the Soviet Union drawn too extensively from the image of the Stalin era, or, in some instances, from the even more misleading image of our Nazi opponents in the last great war. If we are going to relate that term to the Soviet Union of today, we are going to have to learn to take as the basis for our calculations a much more penetrating and sophisticated view of that particular country than the one that has become embedded in much of our public rhetoric. But beyond that, we are going to have to recognize that a large proportion of the sources of our troubles and dangers lies outside the Soviet challenge, such as it is, and some of it even within ourselves. And for these reasons we are going to have to develop a wider concept of what containment means—a concept more closely linked to the totality of the problems of Western civilization at this juncture in world history—a concept, in other words, more responsive to the problems of our own time—than the one I so lightheartedly brought to expression, hacking away at my typewriter there in the northwest corner of the War College building in December of 1946.

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# RECENT BOOKS ON INTERNATIONAL RELATIONS

*Edited by Lucy Edwards Despard*

## *General: Political and Legal*

*John C. Campbell*

SUPERPOWERS AND REVOLUTION. Edited by Jonathan R. Adelman. New York: Praeger, 1986, 256 pp. $38.95.

When states which are deemed by one or both superpowers to be significant in the geopolitical balance of power erupt into revolution or local war, Washington and Moscow have decisions to make: to weigh the risks, costs and advantages of this course or that; to decide on action or inaction; to try to act together to contain the dangers or separately to exploit them. The contributors to this volume look into the problems of revolution and intervention by considering specific instances where the Soviet Union (in the cases of Yugoslavia, Hungary, Czechoslovakia, Poland and Afghanistan) or the United States (in China, Vietnam, Guatemala, Chile and Iran) had such decisions to make. These studies are, for the most part, carefully and thoughtfully done, without great new revelations and with more sureness of touch, for obvious reasons, on the American than on the Soviet side.

GOVERNMENT VIOLENCE AND REPRESSION: AN AGENDA FOR RESEARCH. Edited by Michael Stohl and George A. Lopez. Westport (Conn.): Greenwood Press, 1986, 278 pp. $35.00.

In this book, written by social scientists for social scientists and building on an earlier volume, *The State as Terrorist*, the authors spend much of their energies in establishing definitions, classifications and theories to fit the multifarious phenomena of "state terrorism." One enlightening chapter shows how "national security ideology" has become the rationale for terror and repression in Latin America. Another and certainly controversial chapter compares the records of the United States and the Soviet Union on various forms of state terrorism—and here one catches the "anti-imperialist" tone of much of the book—to the definite disadvantage of the U.S. There are indeed in this "agenda" many judgments, explicit or tacit, interspersed among the definitions and theories.

CLANDESTINE RADIO BROADCASTING. By Lawrence C. Soley and John S. Nichols. New York: Praeger, 1986, 288 pp. $47.95.

Clandestine broadcasting is "illegal, political, and frequently misleading." It is also often difficult to track down where it is coming from, who is controlling it, and how effective it is. In this ambitious and impressive study two academic specialists in the field of political communication have endeavored to cover the history of such broadcasts from the beginnings in the 1930s through the use of psychological warfare and deception in World War II to the manifold practice of "gray" and "black" propaganda that has punctuated the conflicts of the postwar period. The latter part of the book deals with areas of special interest (e.g., East Europe, the Caribbean

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and Central America, East Asia) where Soviet agencies and the CIA have been especially active.

OF PRISONS AND IDEAS. By Milovan Djilas. San Diego: Harcourt Brace Jovanovich, 1986, 166 pp. $17.95.

Yugoslavia's noted dissident, after four volumes of memoirs and numerous other works, still has a message for the world in the form of these reflections on his experience in prisons under both royalist and communist governments and its relevance to the development of his ideas and spiritual life. He discourses on the power of ideas and the emptiness of ideology, on science and religion and politics, on human values and aspirations. One can read Djilas with an eye to his battle over the years with the Yugoslavian forms of Marxist orthodoxy—he is not sparing in his strictures on one-party rule or the sham of "socialist self-management"—and one can also read him as a man who has searched for deeper truths.

MODERN DICTATORS: THIRD WORLD RULERS, STRONGMEN, AND COUPMAKERS. By Barry Rubin. New York: McGraw-Hill, 1987, 416 pp. $17.95.

Barry Rubin casts his net over the entire Third World and, not surprisingly, comes up with many dictators and very few democrats. He examines the character of these leaders and of the regimes they have created, as well as the conditions that have produced them. This task makes for a great deal of comparison, some of it rather strained, as he rambles over Asia, Africa and Latin America. As he is not a specialist on every country he covers, his book will provoke questions as to accuracy here and there, but in general he sees both Third World rulers and Western policies toward them with a keen and critical eye, and his text is refreshingly free of jargon.

THE GENERAL ASSEMBLY IN WORLD POLITICS. By M. J. Peterson. Winchester (Mass.): Allen & Unwin, 1986, 320 pp. $35.00.

The U.N. General Assembly certainly plays a smaller role than was envisaged by those who signed the Charter in 1945. The Third World coalition which has controlled its decisions since the mid-1960s passes innumerable resolutions but does not determine the structure or content of world politics. The assembly may talk about a new world order but does not create one. Ms. Peterson's study shows in meticulous detail, with illustrations from the lengthening historical record, just how the assembly worked in the past and how it works now. It is not exciting reading, but both for those who look to the assembly as the town meeting of the world and for those who dismiss it as an engine of propaganda, this book is a mine of information and a most useful analysis of what the U.N. is and what it is not.

## *General: Military, Technological and Scientific*

*Andrew J. Pierre*

BLUNDERING INTO DISASTER: SURVIVING THE FIRST CENTURY OF THE NUCLEAR AGE. By Robert S. McNamara. New York: Pantheon, 1986, 212 pp. $14.95.

Since leaving the World Bank six years ago, former Secretary of Defense

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McNamara has promoted the cause, in an ever more passionate manner, of nuclear reductions and arms control. This book brings together many of his beliefs. The risk of nuclear war, he states, is growing: "We are on the verge of a dramatic escalation of the arms race—an escalation to levels that will be more and more difficult, if not impossible, to control." Nuclear warheads, he asserts, are not "usable" weapons; NATO should no longer base its policy on their potential first use. McNamara's argument is clear and concise, sometimes to the point of appearing simplistic. It will be compelling to those who share his world view, but certainly not to others—such as most of the officials currently dealing with defense in Washington, some of whom he targets with gusto. His heaviest salvo is launched against the advocates of the Strategic Defense Initiative, which he sees as fundamentally flawed and incompatible with arms control. Even for those who disagree, the thinking of such a seasoned practitioner, courageously stated, deserves respect.

TO ARM A NATION: REBUILDING AMERICA'S ENDANGERED DEFENSES. By Richard Halloran. New York: Macmillan, 1986, 396 pp. $21.95.

For some years the military correspondent of *The New York Times*, and coming from a military family, the author is very evidently at home with the armed forces. This makes his criticism all the more devastating. In his insider's account Halloran is sympathetic to the soldier in the field but finds much wrong in the Pentagon, both with the top brass and the political leadership. He advocates what he terms "bold changes" to include abolition of the Departments of the Army, Navy and Air Force and would regulate the defense industry as a public utility under the scrutiny of an independent commission like those watching trade or the securities market. Halloran at times overstates his case: Is it really true that the United States could not engage in combat on the level of Korea or Vietnam in either Central America or the Persian Gulf? Yet despite occasional lapses, this pungent book often hits its mark.

DEEP BLACK: SPACE ESPIONAGE AND NATIONAL SECURITY. By William E. Burrows. New York: Random House, 1987, 401 pp. $19.95.

An enormous amount of factual information, much of it hardly known, is packed into this thick book describing U.S. space intelligence gathering activities. Burrows, a journalist who has written on space and aviation for two decades, has clearly talked to many people and burrowed many facts. One feels overwhelmed by the data and impressed by the technical capabilities this country has developed. There can be no question that various forms of "black" information play a major role in our evaluation of Soviet military capabilities as well as other worldwide activities. The National Reconnaissance Office which, it is said, officially does not exist, had a budget of $5 billion in 1985. Much of what is presented in this lively book will be useful to more analytically oriented scholars.

THE MAKING OF THE ATOMIC BOMB. By Richard Rhodes. New York: Simon & Schuster, 1987, 886 pp. $22.95.

This almost 900-page account of the Manhattan Project makes for a good read. At times it is gripping, with the human dimension, especially the hopes and fears of the scientists, portrayed in full color. Complex

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scientific development is explained in understandable terms. Yet in the final analysis it is another telling of an already frequently told story.

THE U.S. MILITARY DOCTRINE. By Genrikh Trofimenko. Moscow: Progress Publishers, 1986, 216 pp.

Written by one of the Soviet Union's best "Americanologists," this book is of substantial interest. Trofimenko, director of the foreign policy department of the Institute of the United States and Canada in Moscow, traces American national security policy all the way back to the Founding Fathers. The argument is that, though traditionally the U.S. preferred a foreign policy based on a balance of power, after World War II and dazzled by the illusion of American omnipotence it sought to establish a Pax Americana. Confrontation with the Soviet Union resulted, but during the 1970s, as the limitations on U.S. military power became evident, the two nations achieved strategic parity. This "sober" approach has been overtaken since 1980, it is argued, by another group of U.S. leaders who, relying on the military-industrial complex, seeks to restore a U.S. position of superiority, thereby starting a new round in the arms race. The author cites the budget deficit as evidence that Washington will exhaust itself before it succeeds. Although off the mark at times, there are many passages with which many Americans would agree. The author's detailed knowledge of the past 40 years is impressive even though the book remains a mixture of serious analysis and political rhetoric.

WATERSHED IN EUROPE: DISMANTLING THE EAST-WEST MILITARY CONFRONTATION. By Jonathan Dean. Lexington (Mass.): Lexington Books, 1986, 286 pp. $9.95 (paper). Sponsored by the Union of Concerned Scientists.

The military confrontation in Europe may be an old subject but Jonathan Dean sheds considerable new light through imaginative, yet realistic, assessments and proposals. The former ambassador to the Mutual Balanced Force Reduction talks, Mr. Dean believes that the high point of the confrontation has passed and that the next 20 years will see its decline but not its elimination. The dismantling process, he argues, must be carefully managed through a combination of arms control and political moves. This is an excellent book—comprehensive in its treatment of the issues, up to date in its analysis, and displaying the political sensitivity of a seasoned player.

NUCLEAR PLANNING IN NATO: PITFALLS OF FIRST USE. By Daniel Charles. Cambridge: Ballinger, 1986, 200 pp. $19.95. Sponsored by the Federation of American Scientists.

NATO's nuclear strategy remains a conundrum: Can a tactical nuclear war in Europe be limited and controlled, and if not, is the current first-use strategy credible? This is a carefully written, thoroughly documented and researched analysis of the many dilemmas involved. The irrationality of NATO's strategy is explored, but rather than issuing a facile condemnation of it, the author recognizes its political necessity and goes on to probe such issues as the difficulty in achieving coherent guidelines, managing crisis stability (when the Pershing missiles are dispersed from their storage sites), release procedures, adequate consultation among the allies, and the ultimate

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question of whether political control can be maintained. Disturbing questions are raised in an irreverent but responsible manner.

SEMIALIGNMENT AND WESTERN SECURITY. Edited by Nils Orvik. London: Croom Helm, 1986, 286 pp.

"Semialignment" is defined as the position of states that are formally aligned with NATO, enjoying the full status of membership, while simultaneously disassociating themselves from certain NATO programs. This partial participation is said to be the role of Denmark, Greece, the Netherlands, Canada and Norway, each the subject of individually authored chapters. Among the criteria for semialignment are restrictive policies on foreign bases, nuclear weapons and maneuvers or excursions. This is an interesting and provocative study, although curiously France is omitted and Spain—the next test case of semialignment—is hardly mentioned.

MILITARY OBJECTIVES IN SOVIET FOREIGN POLICY. By Michael MccGwire. Washington: Brookings, 1987, 530 pp. $39.95 (paper, $18.95).

Written by a highly respected expert on Soviet military strategy, this is a very individualistic analysis of the motivations behind Moscow's policy. MccGwire states that there was a doctrinal judgment by the Kremlin in December 1966, to the effect that there was seen to be a significant possibility of avoiding escalation to nuclear strikes on the U.S.S.R. in the event of a world war. North America, therefore, could also be spared. Paradoxically, however, this highlighted the key importance of winning the war in Europe by defeating NATO without precipitating a nuclear response; it also required a greater Soviet naval presence in the Third World and an increased role for arms transfers. The author eschews worst-case analysis and argues against the oft-stated view that the Soviets use military power as their primary instrument of foreign policy. His analysis is scholarly and carefully crafted; his conclusions are iconoclastic and will be debated.

MILITARY EXPENDITURE IN THIRD WORLD COUNTRIES: THE ECONOMIC EFFECTS. By Saadet Deger. London: Routledge & Kegan Paul/New York: Methuen, 1986, 288 pp. $34.50.

A careful study by an economist in Britain, which seeks to examine the economic costs and opportunities of defense spending in developing countries. Deger finds that increased military burdens ultimately depress growth by limiting savings, restricting investments and constraining economic development. She is judicious and comprehensive in covering all aspects of this controversial subject.

TRACING NEW ORBITS: COOPERATION AND COMPETITION IN GLOBAL SATELLITE DEVELOPMENT. Edited by Donna A. Demac. New York: Columbia University Press, 1986, 323 pp. $35.00.

The international telecommunications industry is in great ferment. Deregulation, privatization and new technology have destabilized the traditional public sector monopoly in all aspects from telephone and data transmission to television distribution. This tightly edited volume looks at the economic, regulatory and political issues attendant on the explosive growth of new commercial satellite telecommunication services. There is discussion of national and regional changes, such as Canada's commercial space policy, Europe's various regional satellite ventures, and the proposed

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Pan American Satellite project between the U.S. and Latin America. The Intelsat monopoly is debated by strident voices on both sides of the issue. The woeful incapacity of the international regulatory framework, particularly relating to international copyright and protection of the privacy of data, is explored. The book is the first, not the last word. Stay tuned, there is surely more to follow. Steven R. Koltai

## *General: Economic and Social*

*William Diebold, Jr.*

INTERNATIONAL TRADE AND THE TOKYO ROUND NEGOTIATION. By Gilbert R. Winham. Princeton: Princeton University Press, 1987, $45.00 (paper, $13.50).

This impressive book adds substantially to the history of the troubled 1970s by giving us a very full account of the major multilateral trade negotiations that occupied much of the decade. In addition to analyzing these events in the detail that is necessary to do a proper job, Professor Winham of Dalhousie University devotes a good deal of space to the historical and economic setting. He makes effective use of his special skills as a student of the negotiating process (including the domestic processes in the major countries). This will be the standard work on the subject at least until memoirs are written by arm twisters and twistees—and perhaps even then.

PASSING THE BUCK: BANKS, GOVERNMENTS, AND THIRD WORLD DEBT. By Philip A. Wellons. Boston: Harvard Business School Press, 1987, 342 pp. $24.95.

No matter how international their operations, banks still differ significantly from one another according to their nationality. This is not just because of what their governments do, but is also the result of their place in the national economy and of the influence of history. Professor Wellons demonstrates these propositions in an excellent and many-sided book that focuses on British, French, German, Japanese and American banks. He deploys rich material including, for example, a case study of bidding for contracts for a Mexican steel plant; a comparison of national regulatory laws and practices; a study of the record of 28 banks as leaders of syndicates; an analysis of the way in which an international lender of last resort is created and what limited functions it performs. Whatever the outcome of the debt crisis—on which he has some recommendations—Wellons concludes that "banks that know how to use their governments as allies in international competition will be at an advantage."

AMERICAN TRADE POLITICS: SYSTEM UNDER STRESS. By I. M. Destler. Washington: Institute for International Economics/New York: Twentieth Century Fund, 1986, 384 pp. $30.00 (paper, $18.00).

This is an excellent analysis of the breakdown of the political process by which trade liberalization was accomplished from 1934 to the 1970s. It narrates in some detail the handling of the automobile and steel issues and how the Reagan Administration handled relations with Congress on trade (very well in 1984 and badly in 1985). A veteran analyst of the making of American foreign economic policy, Mr. Destler has a series of mostly

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sensible suggestions for doing things better in the future even though the old conditions cannot be re-created. More questionable is his suggestion that trade legislation be deferred until the merchandise trade deficit is greatly reduced. (It is rarely wise to put tactical conclusions in books dealing with long-run developments.) Appendices provide a valuable summary of investigations under the antidumping, countervailing duty, and escape clause laws from 1979 to 1985.

MANAGED TRADE: THE NEW COMPETITION BETWEEN NATIONS. By Raymond J. Waldmann. Cambridge: Ballinger, 1986, 218 pp. $29.95.

"The movement toward managed trade is irreversible," says the author. Nevertheless, the United States should "form a free trade area with like-minded countries to preserve the largest possible liberal economic environment." This is to be done by stressing reciprocity, fortifying GATT, strengthening the North American economy as a whole and revising fair trade laws "so as to diminish criticism that [their effect is] protectionist." These not-altogether-persuasive prescriptions come in the last 20 pages of what is otherwise a comprehensive, condensed and somewhat simplified survey of the many forms of government intervention in international trade. The account gains when the author touches on his experience in the State and Commerce Departments and the White House. As he is now director of government affairs for Boeing, one wishes he said more about the curious mix of free and managed trade in the aircraft industry.

TROUBLE IN THE THIRD KINGDOM: THE MINERALS INDUSTRY IN TRANSITION. By Simon D. Strauss. London: Mining Journal Books, 1986, 227 pp. (New York: American Metal Market, Fairchild Press, distributor).

The author's lifetime in mining gives this book its authority, and the clear prose and good examples make it accessible to the layman. The combination provides excellent descriptions of the fundamentals of the world mining industry and analyses of what it has gone through since the early 1970s, and why the forecasts of the 1950s and 1960s proved so wrong. Looking ahead, Mr. Strauss sees no escape from the problems connected with unstable prices, high capital requirements combined with long waits for returns, and slow adaptation of supply to often rapid changes in demand. He believes there may be some improvement in cooperation between governments and private multinational mining companies. But "a certain forecast one can make about the future of the mineral kingdom is that it will continue to experience change." Survival depends on being able to adapt.

THE INTERNATIONAL GRAIN TRADE. By Nick Butler. New York: St. Martin's, 1986, 176 pp. $29.95.

Arguing that the international grain trade is largely shaped by national policies in North America, Western Europe and the Soviet Union, a British economist at the Royal Institute of International Affairs analyzes these measures quite thoroughly and finds no good reason to expect major changes. He suggests some ways of reducing international friction and looks at some related topics in a useful survey of the world scene as of the summer of 1985.

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PIPELINE POLITICS: THE COMPLEX POLITICAL ECONOMY OF EAST-WEST ENERGY. By Bruce W. Jentleson. Ithaca (N.Y.): Cornell University Press, 1986, 263 pp. $29.95.

In the 1960s and again in the 1980s, the United States had serious disputes with its West European allies about helping the U.S.S.R. produce and export oil and gas. One of the strongest features of this book is its clear and quite detailed narration of both episodes, and of the longer story of American efforts since 1947 to exert economic pressure on the U.S.S.R. (except for a false start toward offering economic inducements in the early 1970s). Jentleson's analytical framework for explaining why these policies rarely had much success works quite well. Although the book will not alter the conclusions on which most close observers have agreed for some time, it is valuable to have this much material between two covers.

POLITICS IN HARD TIMES: COMPARATIVE RESPONSES TO INTERNATIONAL ECONOMIC CRISES. By Peter Gourevitch. Ithaca (N.Y.): Cornell University Press, 1986, 267 pp. $27.50 (paper, $12.95).

The "rather grandiose project" of this interesting book is nothing less than an examination of how Britain, France, Germany, Sweden and the United States coped with (and were shaped by) three periods of economic trouble: the last quarter of the 19th century, the Great Depression and "the wide gyrations" of the 1970s and 1980s. With such a scope generalizations are elusive and, if found, perhaps suspect if not obvious. But Professor Gourevitch is interested in contrasts as well as similarities and brings to bear a very wide range of analytical literature to explain why things happened (and sometimes why they did not). Usually requiring close attention, and with some jargon, the book has much to say about how political and economic processes have changed over a century, and the modern nation state with them.

THE INTERNATIONAL MONETARY SYSTEM: ESSAYS IN WORLD ECONOMICS. By Richard N. Cooper. Cambridge: MIT Press, 1987, 286 pp. $27.50.

This volume's 13 papers, written over a period of 14 years, deal trenchantly with the fundamentals of the international monetary system and some more limited issues as well. An excellent introduction tells the story of the great postwar changes in world money, says a few words about Professor Cooper's occasional official participation and traces his thinking in a most attractive (and useful) way.

FOREIGN MULTINATIONAL INVESTMENT IN THE UNITED STATES: STRUGGLE FOR INDUSTRIAL SUPREMACY. By Sara L. Gordon and Francis A. Lees. Westport (Conn.): Quorum Books, 1986, 289 pp. $37.95.

This is an exasperating book. American policy toward investment needs more study. The authors command a good deal of data and trace significant links with trade and the policies of other governments. They make concrete suggestions for future policy. Their case is greatly weakened, however, by shaky and sometimes unclear reasoning, loose language and a failure to come to grips with some of the most interesting questions. For example, a quite original comparison of various measures of performance by foreign-

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owned and domestic companies is used to draw policy conclusions but there is no serious effort to explain why the differences occur.

RIVAL VIEWS OF MARKET SOCIETY AND OTHER RECENT ESSAYS. By Albert O. Hirschman. New York: Viking, 1986, 172 pp. $18.95.

This small book covers a wide range of subjects. Among its highlights are: recapitulations of the development of Professor Hirschman's seminal ideas on development, an ingenious and learned disquisition on the title of the book, and some pointed comments on the impoverishment of economics resulting from reliance on narrow assumptions. Some of the papers appear fully or in English for the first time; all are marked by the author's originality in thought and felicity in language.

COMECON, TRADE AND THE WEST. By William V. Wallace and Roger A. Clarke. New York: St. Martin's, 1987, 176 pp. $32.50.

Will Gorbachev's reforms reach the smaller socialist countries of Eastern Europe and the international organization they share with the Soviet Union—CMEA, the Council of Mutual Economic Assistance? This study by two specialists from Glasgow provides very good background for thinking about that subject. They are skeptical of any great departure from centralized planning but see some chances for more trade with the West. Weaving in and out, but unfortunately not always clearly in focus, are questions about whether the revitalization of CMEA is likely to mean more flexibility among the members or tighter coordination along lines determined by the biggest partner.

POWER, PURPOSE AND COLLECTIVE CHOICE: ECONOMIC STRATEGY IN SOCIALIST STATES. Edited by Ellen Comisso and Laura D'Andrea Tyson. Ithaca (N.Y.): Cornell University Press, 1986, 422 pp. $14.95 (paper).

Useful but somewhat uneven inquiries into the ways several East European countries responded to the international economic disturbances of the 1970s and 1980s. Originally published as a special number of the journal *International Organization*.

THE FOREIGN DEBT/NATIONAL DEVELOPMENT CONFLICT: EXTERNAL ADJUSTMENT AND INTERNAL DISORDER IN THE DEVELOPING NATIONS. By Chris C. Carvounis. Westport (Conn.): Quorum Books, 1986, 243 pp. $37.95.

Professor Carvounis of St. John's University provides extensive data leading to the conclusion that, in dealing with debtor countries, the monetarism and other features of International Monetary Fund programs "are counterproductive." They have so damaged the internal structure of the countries, he says, that adequate additional private funds will not be forthcoming. Only the creditors can save the situation by scaling down the burden of the debts much more drastically than they have so far been willing to think seriously about doing.

INTERNATIONAL REGULATION AND TRANSNATIONAL CORPORATIONS: THE NEW REALITY. By Kwamena Acquaah. New York: Praeger, 1986, 213 pp. $37.95.

To continue to work with multinational corporations without being exploited by them, developing countries need an international regulatory

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organization of their own, according to this book by a Ghanaian lawyer who once worked at the U.N. Center on Transnational Corporations. He has concluded that the search for a global regulatory arrangement is hopeless because of the attitude of the governments of industrialized countries. Without spending much time on the evidence, he rejects the view that individual governments can do quite well by themselves in dealing with large private corporations.

## *The United States*

*Gaddis Smith*

REAGAN'S AMERICA: INNOCENTS AT HOME. By Garry Wills. New York: Doubleday, 1987, 480 pp. $19.95.

The best book yet by a profound student of the culture of the American presidency. Mr. Wills illuminates the symbiosis linking Middle American religion, the illusory reality of Hollywood, Ronald Reagan's career, and the meaning of his presidency. The book is consistently entertaining. The conclusions about American politics are disturbing.

REAGAN'S LEADERSHIP AND THE ATLANTIC ALLIANCE: VIEWS FROM EUROPE AND AMERICA. Edited by Walter Goldstein. Washington: Pergamon-Brassey's, 1986, 209 pp. $19.95.

European and American scholars and diplomats, writing in 1985, review Reagan's first term. The book is interesting as a measure of perceptions before the Iran/contra affair and the post-Reykjavik disarray in arms control. The editor concludes, for example, that "Reagan stands virtually unchallenged as the leader of the Western Alliance" and that he has used his power, on balance, with wisdom and firmness.

REAGAN AND GORBACHEV. By Michael Mandelbaum and Strobe Talbott. New York: Vintage, 1987, 190 pp. $5.95 (paper). A Council on Foreign Relations Book.

An analysis, completed in early November 1986, of how Reagan and Gorbachev, notwithstanding their innovative rhetoric, are limited by the enduring structure of Soviet-American competition. The authors, accomplished observers of nuclear diplomacy, are pessimistic insofar as they treat much of the Reykjavik vision as utopian reverie or pure propaganda but optimistic in predicting generations more of managed deterrence.

BEFORE THE POINT OF NO RETURN: AN EXCHANGE OF VIEWS ON THE COLD WAR, THE REAGAN DOCTRINE, AND WHAT IS TO COME. Edited by Leon Wofsy. New York: Monthly Review Press, 1986, 146 pp. $24.00 (paper, $8.00).

Brief responses by 25 scholars, journalists and scientists from across the political spectrum to questions about the future course or termination of the cold war. None speak with certainty and few are optimistic. Tom Wicker, for example, says the issue is whether the United States will declare the western hemisphere "off-limits to Communism" no matter what must be done to stop it.

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THE CHALLENGE TO U.S. POLICY IN THE THIRD WORLD: GLOBAL RESPONSIBILITIES AND REGIONAL DEVOLUTION. By Thomas Perry Thornton. Boulder (Colo.): Westview Press, 1987, 175 pp. $30.00.

The author, who was in charge of North-South issues in the National Security Council during the Carter years, argues persuasively that it is in the world's and America's own interest for the United States to encourage the growth of regional responsibility for "security management" in the Third World. Conversely, "if the Reagan approach is pursued single-mindedly as a part of U.S.-Soviet competition, it is likely to lead to another disaster of U.S. globalism."

THE CYCLES OF AMERICAN HISTORY. By Arthur M. Schlesinger, Jr. Boston: Houghton Mifflin, 1986, 512 pp. $22.95.

This book, combining revisions of previously published and often famous essays with some new material, displays the author at his best: trenchant, erudite, crisp. All the essays have some implications for foreign policy, but see especially the masterful survey of the tradition of human rights and the discussions of American imperialism and the cold war.

THE COMMON GOOD. By Marcus G. Raskin. New York: Methuen, 1986, 369 pp. $22.50.

A serious and heartfelt effort to describe a political philosophy based on a benign version of the Judeo-Christian tradition of "social caring." The book is part theory and part guidebook for those who desire to act on its assumptions. The chapter on "Securing the Nation" includes the draft of an interesting and idealistic treaty for general security and disarmament. "Hard-nosed" realists will pay no attention. Too bad.

WILSON AND HIS PEACEMAKERS: AMERICAN DIPLOMACY AT THE PARIS PEACE CONFERENCE, 1919. By Arthur Walworth. New York: Norton, 1986, 618 pp. $35.00.

The Great War of 1914–18 and the subsequent failed peace are a poisoned spring from which much that plagues the late 20th century still flows. This volume, the product of decades of meticulous research, supersedes all previous treatments of the peace conference and the dominant role of President Wilson and American power.

SETTING THE MOULD: THE UNITED STATES AND BRITAIN, 1945–1950. By Robin Edmonds. New York: Norton, 1987, 340 pp. $22.95.

Robin Edmonds, longtime British diplomat and once head of the American Department of the Foreign Office, combines his personal insight and thorough archival research in Washington and London in this detailed, although somewhat episodic, history. The title is a bit misleading because the "mould" of Anglo-American partnership was never set firmly or for long—as the author's evidence demonstrates. If the book has a hero, it is Ernest Bevin.

REDEFINING THE PAST: ESSAYS IN DIPLOMATIC HISTORY IN HONOR OF WILLIAM APPLEMAN WILLIAMS. Edited by Lloyd C. Gardner. Corvallis: Oregon State University Press, 1986, 272 pp. $27.95.

William Appleman Williams—bold, original and controversial economic determinist—has been a major influence on American historical thinking

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for a third of a century. The excellent essays in this volume deal either with Williams himself or with broad themes inspired by him.

THE PALACE FILE. By Nguyen Tien Hung and Jerrold Schecter. New York: Harper & Row, 1986, 542 pp. $22.95.

The first author served as an adviser on the United States and as a South Vietnamese cabinet member in the closing years of the government of President Thieu; the second is an experienced American journalist. The book is overbuilt around a file of letters, principally from President Nixon, which provide some additional details to our knowledge of how the United States pressured and often misled the South Vietnamese before, during and after the negotiations with Hanoi that led to the American withdrawal from Vietnam.

CHIEF OF STAFF: TWENTY-FIVE YEARS OF MANAGING THE PRESIDENCY. Edited by Samuel Kernell and Samuel L. Popkin. Berkeley: University of California Press, 1986, 244 pp. $15.95.

This is the well-edited transcript of a symposium moderated by John Chancellor featuring eight former White House chiefs of staff who served Presidents Eisenhower through Carter. The interplay is quick, witty, informal and perceptive about the art and improvisation demanded by the role.

THE CAUTIOUS DIPLOMAT: CHARLES E. BOHLEN AND THE SOVIET UNION, 1929–1969. By T. Michael Ruddy. Kent (Ohio): Kent State University Press, 1986, 219 pp. $27.00.

A solid, careful biography befitting the character of its subject. "Chip" Bohlen, distinguished career diplomat, was at the center of Soviet-American relations during the middle decades of this century. Mr. Ruddy stresses Bohlen's pragmatism, moderation and emphasis on Soviet nationalism, using but not overridden by ideology.

ROBERT KENNEDY: THE MAKING OF A FOLK HERO. By Lester David and Irene David. New York: Dodd, Mead, 1986, 368 pp. $19.95.

A warm, affectionate, informal biography. The authors suggest that this nation would have been a far better place had Robert Kennedy lived and become president. Recommended as the first book to read about Kennedy, but for depth of detail and analysis see Arthur Schlesinger's *Robert Kennedy and His Times* (1979).

TODAY'S AMERICAN: HOW FREE? Edited by James Finn and Leonard R. Sussman. New York: Freedom House, 1986, 178 pp. $15.00.

A symposium in honor of the 45th anniversary of Freedom House and the 200th of the U.S. Constitution. The authors, predominantly well-known neoconservatives, are inclined to be optimistic about freedom within the United States and as a goal of foreign policy.

## *The Western Hemisphere*

*Robert D. Crassweller*

THE CLOSEST OF ENEMIES: A PERSONAL AND DIPLOMATIC HISTORY OF THE CASTRO YEARS. By Wayne S. Smith. New York: Norton, 1987, 308 pp. $19.95.

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The U.S. diplomat most closely involved in the daily implementation of Cuban policy until his disillusioned resignation in 1982, Smith presents his critique of that policy as it has developed since 1960. Arguing for pragmatism and a modus vivendi, he concedes that an early accommodation was probably impossible and that "even today, conflicting world views make for an adversarial relationship"; but he believes that a significant improvement in relations has been attainable for some time and should be pursued. The book is notable for the first-hand intimacy of the narrative, and for the author's extension of its themes to other U.S.-Third World relationships.

INTELLECTUAL FOUNDATIONS OF THE NICARAGUAN REVOLUTION. By Donald C. Hodges. Austin: University of Texas Press, 1987, 378 pp. $27.50 (paper, $11.50).

The author goes back to the beliefs and philosophy of Augusto César Sandino for an interpretation of the ideology of the Sandinista regime. He concludes that the FSLN's leaders are neither social democrats nor traditional Marxist-Leninists but, rather, exemplars of a Marxist-Leninist New Left influenced by Sandino's anarchist version of communism, for which an atypical theology of liberation, expounded by Father Ernesto Cardenal, is "the single most important carrier." A very interesting and thoughtful study.

WILL IT LIBERATE? QUESTIONS ABOUT LIBERATION THEOLOGY. By Michael Novak. New York: Paulist Press, 1986, 311 pp. $14.95.

A noted Catholic writer assembles here 11 chapters detailing the history and analysis of liberation theology, dependency theory and socialism. To counter these erroneous dogmas, he posits the creative and uplifting merits of three varieties of liberty: moral-cultural, political and civil, and economic. His stance is highly critical, but moderate and urbane. A key argument: "The absorption of all of life by politics, and of politics by the state, is the Achilles' heel of existing socialist regimes. The separation of systems, the separation of powers—in short, the hard-won lessons of liberal societies—do in fact achieve such splendid liberations as humanity has ever yet achieved."

THE POLITICAL STATUS OF PUERTO RICO. Edited by Pamela S. Falk. Lexington (Mass.): Lexington Books, 1986, 125 pp. An Americas Society Book.

Representing the completion of a project begun in 1982 by the Americas Society and its affiliate, the Center for Inter-American Relations, this volume of essays explores the principal issues involved in the deepening problems of Puerto Rico and in the troubled island-continental relationship. All aspects are treated; all island political parties and many significant Puerto Rican personalities are heard from. The first essay sketches the historical matrix and advances the thesis, rich in controversy and difficulty, that the initiative in finding solutions should come not from Puerto Rico but from Washington; that the need of the moment is process rather than product; and that the process might well consist of a congressional joint committee on Puerto Rico, with island representation, to clarify issues, seek consensus, identify what is acceptable to Washington, and develop public opinion.

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ISRAEL AND LATIN AMERICA: THE MILITARY CONNECTION. By Bishara Bahbah. New York: St. Martin's/Washington: Institute for Palestine Studies, 1986, 210 pp. $27.50 (paper, $12.95).

Latin America has become the primary export market for the Israeli arms industry, 18 countries having obtained armaments from that source. The author of this study-in-depth asserts, in fact, that the military component now dominates Israeli-Latin American relations, creating a subtle web of influence that is a tribute to realpolitik. The growth of the industry and its domestic justifications are explored, relations with the United States in this field are noted and case studies are provided for Argentina, Ecuador and Central America.

LATIN AMERICAN POLITICAL ECONOMY: FINANCIAL CRISIS AND POLITICAL CHANGE. Edited by Jonathan Hartlyn and Samuel A. Morley. Boulder (Colo.): Westview Press, 1986, 386 pp. $38.00 (paper, $16.95).

The pervading theme here, the underlying question, is certainly pertinent: Why did economic growth and democratic resurgence in Latin America between 1950 and 1980 lead in the end to the economic and financial chaos so widespread today? Chapters on "spectacular failures" are devoted to Argentina, Brazil, Chile, Peru, Mexico, Colombia, Cuba and Nicaragua, while four chapters consider "moderate successes." There are also four sections of commentary.

THE RED ORCHESTRA: INSTRUMENTS OF SOVIET POLICY IN LATIN AMERICA AND THE CARIBBEAN. Edited by Dennis Bark. Stanford: Hoover Press, 1986, 139 pp. $6.95 (paper).

The essays here provide an overview of the use of numerous categories of Soviet proxy forces, official and unofficial, in the Caribbean and Latin America, supplementing and expanding the Soviet pursuit of regional power and influence. The design, purpose and operational procedures of these instrumentalities of Soviet penetration are given serious and scholarly analysis, with particular reference to their employment in Cuba, Central America and Grenada.

## *Western Europe*

*Fritz Stern*

THE PRIDE AND THE FALL: THE DREAM AND ILLUSION OF BRITAIN AS A GREAT NATION. By Correlli Barnett. New York: Free Press, 1987, 359 pp. $24.95.

A devastating but well-documented assessment of Britain's industrial performance during World War II, which in most particulars was well below that of Germany. Barnett, British author of several studies on the war, contrasts wartime hopes for a New Jerusalem in postwar Britain with the reality of declining power and competitiveness. The faults were not industry's alone, but the result *inter alia* of the British class system, class education, and longtime neglect of technical and even scientific education. The flawed relations between sullen workers and uncomprehending manager-owners is also considered, and an audit of performance is demanded in place of laments about the degraded condition of the working class. The

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discrepancy between political ambition and economic power is a central theme—and one that raises disturbing questions for the imperial power that supplanted Britain.

POWER IN EUROPE? GREAT BRITAIN, FRANCE, ITALY AND GERMANY IN A POSTWAR WORLD, 1945–1950. Edited by Josef Becker and Franz Knipping. Berlin and New York: Walter de Gruyter, 1986, 583 pp. DM 188.

A series of essays on the leaders, policies, perceptions and attitudes of the four countries in the immediate postwar period. A valuable collection, with many authoritative contributions by European scholars, often based on new, hitherto unused archival material.

ZWISCHEN DEN ZEITEN. By Bruno Kreisky. Berlin: Siedler Verlag, 1986, 494 pp.

The first volume of Kreisky's memoirs, covering the 44 years from his birth to the Austrian State Treaty in 1955. A bit loquacious, it depicts Austrian politics of the 1920s and 1930s from the standpoint of a militant socialist, appalled by the Stalinist policy of helping National Socialism and by Socialist failures to take decisive action in Germany and Austria, regardless of risk. A personal document of an extraordinary life: active in the underground, he spent 21 months in different prisons under different regimes. Especially vulnerable as a Jew, he found wartime asylum in Sweden and returned to a political career in postwar Austria.

FATEFUL MONTHS: ESSAYS ON THE EMERGENCE OF THE FINAL SOLUTION. By Christopher R. Browning. New York: Holmes & Meier, 1986, 111 pp. $24.95.

A slim but important addition to the controversy over Hitler's responsibility for the Holocaust. By argument and new evidence Browning emphasizes the role of the very "little men" who rounded up, shot and eventually gassed Jews. Browning does not believe in one ultimate decision but in a process that began early in 1941 and by the end of the war encompassed the destruction of all of Europe's Jews. He describes in detail the execution of male Jews in Serbia in 1941 as Wehrmacht reprisal, not as an SS action.

HABERMAS: AUTONOMY AND SOLIDARITY. Edited by Peter Dews. New York: Schocken Books, 1986, 220 pp. $27.95 (paper, $9.95).

A collection of (slightly repetitious) interviews with the leading German philosopher-sociologist, a critical interpreter of many traditions, himself a "radical liberal" with a special debt to democratic Marxism. He explicates his work and life, acknowledging their inseparability; the book—with a special introduction by the editor that seeks to summarize Habermas' controversial thought—also provides a commentary on the development of the Federal Republic and of the structure and spirit of the Western world generally. A short work of astounding complexity and range, analyzing immediate social reality and prevailing philosophical and social theories.

MISSION TO CIVILIZE: THE FRENCH WAY. By Mort Rosenblum. San Diego: Harcourt Brace Jovanovich, 1986, 480 pp. $19.95.

A panoramic account of France and its empire, past and especially present, breezy and even informative, by a resident journalist at once knowledgeable and bemused. Even a dedicated Francophile might bridle

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at this conclusion: "Having killed hundreds of thousands in colonial wars, France is a Third World symbol of liberty, equality, and brotherhood."

THE TEARS OF THE WHITE MAN: COMPASSION AS CONTEMPT. By Pascal Bruckner. New York: Free Press, 1986, 244 pp. $17.95.

A diatribe against the ideologues of Western guilt, against pious compassion with and exaltation of Third World countries. A French journalist excoriates left-wing positions, which he once held himself: "My criticism of 'a sense of guilt that ran amok' is above all a criticism of myself." His treatment of a major topic—the rise of a guilty conscience in Europe—turns into a polemic, sometimes against straw men, but Bruckner pleads as well for meeting the "other," for accepting distance as a condition of friendship or understanding. A special preface for the American audience by the translator, William R. Beer, is marred by all manner of errors and oversimplifications. Altogether, a book that by being contemptuous itself misses its own considerable potential.

INTIMIDATION AND THE CONTROL OF CONFLICT IN NORTHERN IRELAND. By John Darby. Syracuse (N.Y.): Syracuse University Press, 1987, 187 pp. $35.00.

An extremely interesting and readable study of three communities in Northern Ireland in the period of the most recent "Troubles" (1969–1984). Most of the research was carried out in the mid-1970s. Two housing estates (public housing projects) in Belfast and a middle-sized, relatively middle-class country town in County Tyrone were followed through the onset of open conflict, the period of intimidation and forced relocation of families along sectarian lines, and the present state of affairs. The viewpoint is open and far from academic (although the author is himself an academic). He has some striking opinions—e.g., that segregation may not always be a bad thing—and his conclusions are reassuring: an all-out civil war is not likely in Northern Ireland. L.D.

## *The Soviet Union and Eastern Europe*

*John C. Campbell*

SHADOWS AND WHISPERS: POWER POLITICS INSIDE THE KREMLIN FROM BREZHNEV TO GORBACHEV. By Dusko Doder. New York: Random House, 1986, 339 pp. $19.95.

Following the tradition of Moscow correspondents who, on completing their tour, produce books of personal experience, observation and analysis, Dusko Doder of *The Washington Post* gives us his picture of the U.S.S.R. in the early 1980s, focusing on the struggles that marked the shifts in leadership between 1982 and 1985. Much of the book deals with the new atmosphere and initiatives under Andropov, evidence of the turn to reform now going forward under Gorbachev. Nothing very different from the news reports available at the time, but Doder did have good Soviet contacts in and out of government.

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SOVIET LEADERS: FROM THE CULT OF PERSONALITY TO COLLECTIVE RULE. By Olga A. Narkiewicz. New York: St. Martin's, 1986, 256 pp. $32.50.

This volume covers much the same ground as Doder's (noted above) though playing down the aspect of continuous struggle and jockeying for power. It provides brief biographies of the five top leaders since Stalin, stressing the theme that none of them has exercised personal rule; all have been responsible to the Politburo and indirectly to the demands of the system. The book contains, necessarily, some speculation as to the cause and effect of key developments; and, less necessarily, a number of doubtful and unsubstantiated assertions about both Soviet and American policies.

THE SOVIET PROPAGANDA MACHINE. By Martin Ebon. New York: McGraw-Hill, 1987, 439 pp. $19.95.

This book is for the general reader, one relatively uninformed about the Soviet propaganda effort. It contains quite a mixture, as snatches of history, explanations of policy, descriptions of propaganda instruments (*Pravda*, etc.) and sketches of the personalities and careers of participants—political leaders, Comintern agents, propagandists and manipulators (from Karl Radek and Willy Münzenberg to Georgi Arbatov and Vladimir Posner), KGB agents in journalistic disguise, and a variety of American and other fellow travelers—follow each other in not-so-disciplined order. The author's points are generally on the mark, although some of them misfire, and he tends to give the Soviets too much credit for effectiveness.

SOWJETISCHE AFRIKAPOLITIK IN DER "ARA GORBOCHEV." By Winrich Kuhne. Ebenhausen: Haus Eggenberg, 1986, 146 pp.

A short but insightful study of how Soviet advances in three African countries in the 1970s have turned out. The conclusions are mixed but largely negative from both the ideological and the geostrategic standpoint. Mozambique is a prime example of mutual disillusionment; the others (Angola and Ethiopia) are not so clear. The evidence is strong, however, that in all cases Moscow has had to take account of the failure of ideology and of the limitations on military supplies as a source of influence—but also that it will not accept setbacks which call into question the status of the U.S.S.R. as a superpower. The record contains some lessons for U.S. policy that do not seem to have been learned.

UNDERSTANDING SOVIET POLITICS: THE PERSPECTIVE OF RUSSIAN HISTORY. By Cyril E. Black. Boulder (Colo.): Westview Press, 1987, 308 pp. $38.50 (paper, $17.00).

Professor Black has devoted a lifetime to the study of Russian history and the process of modernization in both Western and non-Western societies. Essays and articles written at various times over the past 30 years are skillfully sewn together with connective threads to show the continuities and discontinuities, the forces of tradition and the forces of change, that mark the course of Russian/Soviet political life and the country's international behavior. Black furnishes no magic key to the understanding of Soviet politics, but many useful lines of thought. All the essays are worth reading, some of them worth re-reading.

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THE HARVEST OF SORROW: SOVIET COLLECTIVIZATION AND THE TERROR-FAMINE. By Robert Conquest. New York: Oxford, 1986, 412 pp. $19.95.
FAMINE IN THE UKRAINE, 1932–1933. Edited by Roman Serbyn and Bohdan Krawchenko. Edmonton: Canadian Institute of Ukrainian Studies, 1986, 192 pp.

Two books remind the world of Stalin's campaign against the kulaks and the drive for farm collectivization accompanied by force, terror and famine, especially in the Ukraine. Conquest's study places these events in the context of Bolshevik politics and policy and describes the famine in grisly detail. On one of his main themes, the deliberate destruction of the independent peasantry for reasons of ideology and power, the record is indisputable; on his other theme, that the famine was an act of genocide directed against the Ukrainian nation, the case is less clear, although Ukrainian nationalism was a constant concern of the Bolshevik leadership. As the Soviet government then and later denied the existence of the famine, there is no official body of evidence on which the story can be based, but Conquest has done a masterful job in collecting material from eyewitness accounts of foreign journalists and emigrés, and also from fact and fiction published in the U.S.S.R. itself. The volume edited by Serbyn and Krawchenko, less ambitious but covering some of the same ground and with similar sympathy for the Ukrainian cause, has a useful chapter on sources. It also describes fully how the famine was often dishonestly reported to the West (especially by Walter Duranty of the *The New York Times*) and how the Western governments chose to close their eyes and ears.

POLITICAL THOUGHT OF THE UKRAINIAN UNDERGROUND, 1943–1951. Edited by Peter J. Poitchnyj and Yevhen Shtendera. Edmonton: Canadian Institute of Ukrainian Studies, 1986, 406 pp.

A collection of little-known statements, appeals and tracts emanating from the movement for an independent Ukraine, which opposed both the German occupation in World War II and the restoration of Soviet rule. The subjects range from political theory through aims and programs to the strategy and tactics of armed struggle. A valuable source book on a violent and troubled time, though the nationalist cause itself was well-nigh hopeless. The editors have been most helpful in providing notes on the texts and their authors.

WESTERN BROADCASTING OVER THE IRON CURTAIN. Edited by K.R.M. Short. New York: St. Martin's, 1986, 274 pp. $32.50.

Products of a conference sponsored by the Freedoms Foundation, the essays in this volume are written with expert knowledge and authority, the authors of most of them being top officials of the main broadcasting services (including the Voice of America, BBC, Radio Free Europe/Radio Liberty, Deutsche Welle). Full information on what they are doing and why; less on the difficult problem of judging results; comparatively little on what the future holds as to either policy or techniques.

POLAND 1939–1947. By John Coutouvidis and Jaime Reynolds. New York: Holmes & Meier, 1986, 393 pp. $59.50.

Two young scholars have combined forces, and yoked together their doctoral theses, to produce an account of how Poland's geopolitical fate

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was determined in the 1940s. Although parts of the subject have been more extensively explored by others, it is the best overall treatment of these events in English. The story of the internal political struggles, based largely on Polish historical publications discriminatingly used, illustrates many aspects little known in the West. Questions remain concerning the Soviet role, and particularly the strategy and decisions of Stalin himself—questions that may never be answered.

THE CATHOLIC CHURCH IN COMMUNIST POLAND, 1945–1985. By Ronald C. Monticone, Boulder (Colo.): East European Monographs, 1986, 227 pp. (New York: Columbia University Press, distributors, $25.00).

Thorough study of the Polish press and of Radio Free Europe research reports, plus interviews with well-chosen respondents, make this academic monograph a good survey for English-language readers of a complex and multifaceted subject. It is still an outsider's account, however, far from capturing the drama of the conflict or the personalities of the leading actors.

MILITARY RULE IN POLAND: THE REBUILDING OF COMMUNIST POWER, 1981–1983. By George Sanford. New York: St. Martin's, 1986, 288 pp. $32.50.

Given the known facts about the role of the armed forces and the convictions of General Jaruzelski, there should have been no surprise when the martial law blow fell on December 13, 1981. Sanford describes what happened and why and then goes on to show how, contrary to the hopes and expectations of many in Poland and the West, the new regime was able in the following year to crush Solidarity, neutralize the Catholic Church's efforts to mediate, and, eschewing a Bonapartist solution, rebuild a party-controlled system such as existed from 1956 to 1980. The success may not be so clear and firm as the author contends, but he has marshaled his facts and arguments very well in a coolly clinical and convincing analysis.

IMPRESSIONS OF LAW IN EAST GERMANY. By Daniel John Meador. Charlottesville: University Press of Virginia, 1986, 320 pp. $25.00.

An American law professor's description of the GDR's legal system, useful mainly for specialists in the theory, institutions and practice of law in communist states. Based largely on interviews in the course of a three-month visit, the book is necessarily incomplete but is nevertheless a rounded survey with much information. The author adds some general concluding comments on life in East Germany.

## *The Middle East*

*John C. Campbell*

REVOLUTIONARY IRAN: CHALLENGE AND RESPONSE IN THE MIDDLE EAST. By R. K. Ramazani. Baltimore: Johns Hopkins, 1987, 311 pp. $27.50.

For many years R. K. Ramazani has been writing on Iran, and especially on its foreign policies. He has been wise in interpreting the past and generally prescient about the future. In his latest work he gives a nuanced, lights-and-shadows picture of Khomeini's Islamic Republic, points to differences among its leaders, and illuminates Iran's role in the Middle East and

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the reactions of its rivals and neighbors under the impact of the war with Iraq. He calls particular attention to Iran's announced open-door policy toward the rest of the world, and criticizes Washington for ignoring it. But apparently some got the message, though perhaps in oversimplified form.

THE IRANIAN REVOLUTION AND THE ISLAMIC REPUBLIC. Revised ed. Edited by Nikki R. Keddie and Eric Hooglund. Syracuse (N.Y.): Syracuse University Press, 1986, 264 pp. $14.95 (paper).

A substantially revised edition of a collaborative work on Iran (reviewed in *Foreign Affairs*, Spring 1983). For a quick look at today's problems and policies, and particularly at the internal situation on which knowledge is scanty, this is an excellent handbook. The authors whose assignment was to cover international relations (Gary Sick, William Miller and Richard Cottam) are no more complimentary in their comments on American policy than is R. K. Ramazani in the work noted above—and this was before the arms sales revelations.

MISSION TO TEHRAN. By General Robert Huyser. New York: Bessie/Harper, 1987, 306 pp. $20.95.

General Huyser adds his soldier's story to the accounts which other high officials have given of the revolution in Iran. It is an important portrayal, to be read along with the testimony of those others, and especially with Gary Sick's aptly titled *All Fall Down*. Huyser's primary purpose is to show how he carried out his not-very-clear instructions, and this he does in a factual description of his daily activities, taken up largely in contacts, conversations and exhortations with the chiefs of the Iranian armed forces and in telephoned reports to the secretary of defense in Washington. Secondarily, he wants to explode the numerous false charges and rumors surrounding his mission. The confusion and conflicts of ideas in Washington did not help, nor did the unresolved differences with Ambassador Sullivan in Tehran. Did Huyser go there to organize a military coup? No, except as a last resort, and by that time it was too late. And, from his own evidence, the Iranian military leaders were hardly up to the decisive role he and some in Washington had in mind for them.

THE STATE, RELIGION, AND ETHNIC POLITICS: AFGHANISTAN, IRAN, AND PAKISTAN. Edited by Ali Banuazizi and Myron Weiner. Syracuse (N.Y.): Syracuse University Press, 1986, 464 pp. $35.00.

Experts on the three neighboring states discuss the interaction of central government and the forces of nationalism, ethnicity, tribalism and religion. Although all three are Islamic countries, they have such different traditions and conditions that comparisons are of limited usefulness, but these studies do push out the frontiers of knowledge and might well be helpful in building a sounder basis for decisions on policy in the area. Perhaps we should note, however, that in the case of Iran in the past decade the American academic experts were not in agreement and many of them proved to be as wrong as the politicians and diplomats.

ADVENTURES IN THE MIDDLE EAST: EXCURSIONS AND INCURSIONS. By Donald N. Wilber. Princeton: Darwin Press, 1986, 256 pp. $17.95.

Donald Wilber was both an intelligence agent (OSS and CIA) and a specialist on the history, culture and architecture of the Middle East, Iran

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in particular. His diverting and occasionally amusing memoirs are long on personal experiences and rather short on intelligence operations, partly by preference, partly because the CIA would not declassify what he wanted to say. He does, however, discuss Operation Ajax, which in 1953 toppled the Mossadeq regime in Iran and restored the shah to his throne. Wilber claims authorship of the plan and goes out of his way to fault Kermit Roosevelt's account in *Countercoup* (reviewed in *Foreign Affairs*, Fall 1980) for what he charges are its many errors of fact.

SYRIAN INTERVENTION IN LEBANON. By Naomi Joy Weinberger. New York: Oxford, 1986, 367 pp. $29.95.

No one, not even Hafez al-Assad himself, could write the definitive history of the Lebanese imbroglio and Syria's intervention in it. For an outside observer, moreover, the vision of Syrian decision-making is necessarily opaque. Naomi Weinberger does very well in disentangling events and straightening the record, using the local press and other contemporary sources as well as the published studies of other scholars. One salient point is how little the Syrians were influenced by their Soviet allies. The events of the civil war of 1975–76, so well described here, contain some lessons for today and tomorrow: a decade after its original incursion, Syria is still stuck with the Lebanese tar baby.

THE CAMP DAVID ACCORDS: A TESTIMONY BY SADAT'S FOREIGN MINISTER. By Mohamed Ibrahim Kamel. London: Routledge & Kegan Paul/New York: Methuen, 1987, 414 pp. $39.95.

Kamel was Egypt's foreign minister from November 1977 to September 1978. His predecessor, Ismail Fahmy, and the veteran minister of state, Mahmoud Riad, had resigned in disagreement with Sadat's policies; Kamel accepted the job reluctantly, struggled through "long hours, days and months of suffering," and finally resigned at the conclusion of the Camp David meetings. His experience was one of disillusion with Sadat for giving away the store—selling out the Arab cause in return for a separate peace—and with the Americans, especially President Carter, for persuading him to do it. His detailed account is full of interesting information and is a prime source, though not a disinterested one, for the Egyptian side of these historic negotiations.

ISRAEL AND THE AMERICAN NATIONAL INTEREST. By Cheryl A. Rubenberg. Champaign: University of Illinois Press, 1986, 446 pp. $24.95.

The conception of Israel as a strategic asset for the United States, now embedded in the thinking both of the executive branch and the Congress, and the political clout of the pro-Israel lobby have combined to impart a bias to U.S. policy in the Middle East that runs counter to America's own interests. Such is the theme that runs through this book, illustrated by a detailed examination of events from the Palestine war of 1948 through the 1982 Lebanon war and its aftermath. The author makes her case well, although a tendency to overstatement does not help it; moreover, the "conventional wisdom" (read pro-Israel bias) she sets out to expose has had many critics both in public office (eg., J. W. Fulbright, George W. Ball and the maligned "Arabists" in the State Department) and in academia. Her book supports, in rich detail, arguments that they have been making for

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years. If it stirs up public debate, not on whether America should be pro-Israel or pro-Arab but on what U.S. national interests are and how to pursue them, so much the better.

THE MIDDLE EAST AFTER THE ISRAELI INVASION OF LEBANON. Edited by Robert O. Freedman. Syracuse (N.Y.): Syracuse University Press, 1986, 363 pp. $29.95 (paper, $14.95).

Every few years Professor Freedman plays host to a conference on the Middle East, then edits and publishes the contributions. The quality of the book depends on the authors and on how far they wish to extend themselves. In this case the results are quite good (*inter alia*, Freedman himself on Soviet policy, Barry Rubin on U.S. policy, Robert Hunter on Western Europe, Rashid Khaladi on the PLO, John Devlin on Syria). That they write much the same things they have written elsewhere does not diminish the value of the book as a useful overview.

INTERNATIONAL RELATIONS OF THE CONTEMPORARY MIDDLE EAST. By Tareq Y. Ismael. Syracuse (N.Y.): Syracuse University Press, 1986, 344 pp. $29.95 (paper, $14.95).

A broad and general study covering the entire period since World War II. The chapters on American and Soviet policies are more or less standard treatment, but those on the Middle East's relations with China and with the countries of Africa are especially to be commended because these topics are so little known.

THE ARABS: JOURNEYS BEYOND THE MIRAGE. By David Lamb. New York: Random House, 1986, 412 pp. $19.95.

A chatty, informal memoir of an American correspondent's encounter with the Arab world during his assignment to the Middle East in the early 1980s. He eschews heavy political reporting and uses stories with human interest to bring the Arabs as individuals and as a people to the attention of the average American who—because of indifference, neglect, or the power and persuasion of the partisans of Israel—has a distorted or even blank image of them.

ISRAEL FACES THE FUTURE. Edited by Bernard Reich and Gershon R. Kieval. New York: Praeger, 1986, 224 pp. $42.95.

A number of American specialists write on the state of affairs in Israel in the aftermath of the 1984 election. The economic chapters are substantial and provide the meat of the book. The political chapters are mainly concerned with electoral arithmetic, party alignments and the role of the Oriental Jews in society and politics. Those on foreign policy are disappointingly thin.

THE PAPACY AND THE MIDDLE EAST: THE ROLE OF THE HOLY SEE IN THE ARAB-ISRAELI CONFLICT, 1962–1984. By George E. Irani. Notre Dame (Ind.): University of Notre Dame Press, 1986, 218 pp.

An outsider cannot write an authoritative history of papal diplomacy, as the Vatican archives are closed, but a fairly clear picture of what the Holy See has been trying to do in the Middle East can be drawn from the statements of the popes, from *L'Osservatore Romano*, and from a host of secondary sources. This the author has done, adding information gleaned from many interviews. He is able to trace Vatican positions under the last

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four popes on matters both spiritual and temporal involved in the question of Palestine, the status of Jerusalem and the warfare in Lebanon since 1975. Not the last word, but an objective study and definitely a good start.

LIBYA: QUADHAFI'S REVOLUTION AND THE MODERN STATE. By Lillian Craig Harris. Boulder (Colo.): Westview Press, 1986, 157 pp. $24.95.

The author's aim was to write "a simple survey . . . as accurate as the available information will allow," and she has achieved it, with just enough geography, history, internal political dynamics and foreign policy to introduce a country little known though much in the news. In the center of the picture, naturally, is Qaddafi, whom the Libyan people and the rest of the world have had to endure for nearly two decades. The author, a former U.S. foreign service officer, has no particular sympathy with the Libyan leader, but none either with the U.S. policy of confrontation and military coercion, which she thinks only serves to strengthen him at home and in the Arab world.

EGYPT AND THE POLITICS OF U.S. ECONOMIC AID. By Marvin G. Weinbaum. Boulder (Colo.): Westview Press, 1986, 192 pp. $23.00 (paper).

It is difficult to generalize across the board about the U.S. foreign aid program, but Egypt is an admirable candidate for a careful case study: definite (though not always congruent) objectives on the part of Washington and Cairo and a massive effort in terms of resources, planning and administration to attain them. Weinbaum, a keen observer and sympathetic critic, had access to the relevant data (much of it here in useful tables) and also saw the program in action. He looks at it from many angles and shows how what often seems sensible from the American standpoint is unacceptable or unworkable in Egypt. He has no pat answers to the dilemmas of reform, but neither have the two governments and their assorted experts. Meanwhile, presumably, the program will go on as long as it pays off politically.

## *Asia and the Pacific*

*Donald S. Zagoria*

SOVIET FOREIGN POLICY AND SOUTHEAST ASIA. By Leszek Buszynski. New York: St. Martin's, 1986, 303 pp. $35.00.

This is the best book yet to appear on this subject, written by a Soviet specialist teaching in Singapore who combines a knowledge of both the Soviet literature on Southeast Asia and the actual conditions there. There are good chapters on Soviet-Vietnamese relations, Soviet policy toward ASEAN, and the collective security proposal recently revived by Gorbachev. The author concludes by observing that there are substantial limits to the Soviet presence in the region, but these limits could be transcended by one of three possible developments: a radicalization of one of the ASEAN governments; a favorable (to the U.S.S.R.) change in American or Chinese policy; or an overzealous American effort to involve China or Japan in the security of the region.

BROTHER ENEMY: THE WAR AFTER THE WAR. By Nayan Chanda. San Diego: Harcourt Brace Jovanovich, 1986, 479 pp. $24.95.

This is a compelling account of the third Indochina war—the one that began shortly after the United States pulled out of Saigon in 1975. It will

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be indispensable for anyone seeking to understand the roots of the regional conflict between China and Vietnam and the sources of the continuing war between the Vietnamese and Cambodian communists. In addition to providing a comprehensive discussion of recent events, the author demonstrates that these conflicts are deeply rooted in history and geography and are not likely to end in the foreseeable future. "Unless there is a willingness in both Peking and Hanoi to lower their sights, Indochina will not know peace."

CHINA, TAIWAN, AND THE OFFSHORE ISLANDS. By Thomas E. Stolper. Armonk (N.Y.): Sharpe, 1985, 170 pp. $30.00.

This is an impressive, well-documented case study of the fighting in the Taiwan Strait in 1954–55 which sheds much light on the more general problem of how the Chinese use limited force. There is a stimulating final chapter on Chinese irredentism.

CHINA: ASIA'S NEXT ECONOMIC GIANT? By Dwight H. Perkins. Seattle: University of Washington Press, 1986, 108 pp. $12.95.

A prominent specialist on the Chinese economy is generally optimistic about the future. Writing before the dismissal of party leader Hu Yaobang, he sees a real and sustained effort to reform the economic system and no reason to believe that the reforms have lost their momentum. He foresees an annual average increase in GNP of six to eight percent over the next 15 years or more, leading to a major improvement in the standard of living, large-scale urbanization of the population, and traditional peasant virtues being put on the defensive permanently.

CRISIS IN THE PHILIPPINES: THE MARCOS ERA AND BEYOND. Edited by John Bresnan. Princeton: Princeton University Press, 1986, 280 pp. $30.00 (paper, $10.95).

Written by 11 of the world's best specialists on the Philippines, this book is unrivaled in breadth, current coverage and historical background. It provides the essential facts behind the downfall of the Marcos regime and provides a number of insights into the challenges that lie ahead for the Aquino government. Scholarly and readable, it will be useful both for the expert and the general reader.

PACIFIC RIM: AREA OF CHANGE, AREA OF OPPORTUNITY. By David Aikman. Boston: Little, Brown, 1986, 193 pp. $8.95 (paper).

This is a well-written and balanced journalistic account of recent economic and political developments in China, Korea, the Philippines, Vietnam and Thailand. It concludes that the Pacific Rim is the most exciting new field of opportunity for American business. But the author warns that "there is still far too little fundamental familiarity with language, society, and market among many American companies. . . . A consistent explanation of Japanese marketing success in the Pacific Rim, as well as the rest of the world, is the thoroughness with which Japanese companies tend to study a given area before making any major marketing decision."

SECURITY INTERDEPENDENCE IN THE ASIA PACIFIC REGION. Edited by James W. Morley. Lexington (Mass.): Lexington Books/New York: East Asian Institute, Columbia University, 1986, 181 pp.

Six scholars look at the main security issues in the Asia-Pacific region. The essay by Richard Betts is particularly useful, as it puts U.S. interests in the Pacific in the context of America's overall strategic concerns.

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IRON AND SILK. By Mark Salzman. New York: Random House, 1986, 211 pp. $16.95.

An engrossing, beautifully written tale of a young American's two-year sojourn as an English teacher in Changsha, Hunan Province. Salzman, who majored in Chinese literature at Yale, joins a rapidly growing contingent of foreigners who are learning about the country first hand by studying or teaching there. One learns more than simply the day-to-day routine of life in a Chinese university; Salzman, as he bumps up against the bureaucracy in train stations, in post offices, in the Hunan Medical College Foreign Affairs Bureau, has much to tell of the "system" under Deng Xiaoping. His encounters—with students and fellow teachers, with local fishermen, *wushu* experts (including China's most famous *wushu* artist and national hero, Pan Qifu), bureaucrats and a small runaway child—are woven together to create a rich portrait of life in contemporary China that even the most seasoned sinologist will find engaging. S.R.

## *Africa*

*Jennifer Seymour Whitaker*

KING SOLOMON'S MINES REVISITED: WESTERN INTERESTS AND THE BURDENED HISTORY OF SOUTHERN AFRICA. By William Minter. New York: Basic Books, 1986, 416 pp. $21.95.

Whether or not you agree with the author about the preeminence of international capitalism in creating and maintaining apartheid, his study shows persuasively how strong and intricate the web of Western interests has remained over the past hundred years. Minter lets no one off the hook: in exhaustive and unrelenting detail he shows how racial separation originated in the drive for domination by South Africa's first white rulers—the English—and how Western economic interest has melded with anti-communism to provide a consistent motif in forming Euro-American ties to white South Africa. This is a must for scholars and analysts of South Africa and the U.S. stance toward that country.

DEMOCRACY AND PLURALISM IN AFRICA. Edited by Dov Ronen. Boulder (Colo.): Lynne Rienner, 1986, 220 pp. $26.50.

In this book, largely theoretical questions about democracy offer a useful focus for viewing African political development—particularly given the excellent contributions by a number of African scholars speaking out of a variety of national traditions. Recurring themes of the adaptability of traditional African styles of governance and the deadening effect of colonial constitutions are treated with particular distinction by Nigeria's John A. A. Ayrade and Zaïre's Ilunga Kabongo, who delineate African political tradition perceptively even if it may not succeed in translating into modern life.

AFRICA IN ECONOMIC CRISIS. Edited by John Ravenhill. New York: Columbia University Press, 1986, 359 pp. $35.00 (paper, $13.00).

This excellent collection focuses on the recent disputation about what has gone wrong in Africa and what is to be done. Mostly downplaying prescription, its contributors excel—depressingly so—in laying out the political and economic pitfalls that lie in wait for, or have already befallen, most reform strategies. The editor's overview, Stephen Landon's analysis

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of Kenya's textile industry, and Thomas Biersteker's description of Tanzania's policy of self-reliance contain concrete data of particular interest.

CROSSING THE LINE: A YEAR IN THE LAND OF APARTHEID. By William Finnegan. New York: Harper & Row, 1986, 418 pp. $22.95.

Young Americans could find no better introduction to South Africa than this captivating memoir: the education of William Finnegan, a highly articulate and thoughtful California surfer who taught for a year at a Coloured school outside Cape Town and hitchhiked around the country. Remarkably, there also emerges an account of the 1980 school boycotts and the complexities of black thinking about resistance that makes the book an original work of value to the academic specialist.

THE AFRICANS: A TRIPLE HERITAGE. By Ali A. Mazrui. Boston: Little, Brown, 1986, 336 pp. $29.95.

In this companion volume to the BBC series, the moderator, a distinguished Kenyan scholar, takes on an encyclopedic range of issues in his characteristically brilliant and eclectic style. Given its announced focus on the interplay of traditional Africa, Islam and the West in the continent's heritage, the book's approach perhaps inevitably yields more insights about the past than about the present. Mazrui is candid about his desire for close links between Africa and the Islamic world, but apart from his expressed hope for black Africa's achievement of nuclear weapons, it is difficult to find in this book the provocation for the outraged American response to the series.

THE BRUTALITY OF NATIONS. By Dan Jacobs. New York: Knopf, 1987, 383 pp. $22.95.

In this account of the Nigerian civil war of 1968–1970 and the ensuing famine in breakaway Biafra, the author, who was actively involved in Biafra relief, blames first of all the British, in complicity with the Nigerians, for thwarting international efforts to relieve the famine, and he faults some officials in the U.S. State Department and the United Nations as well. It is a dispiriting story of how politics prevailed over the lives of starving children—a situation which occurs in refugee relief up to the present day.

L.D.

AN AFRICAN WINTER. By Preston King. New York: Viking Penguin, 1986, 249 pp. $5.95 (paper).

Palpably depicting the ravages of poverty, drought and war in the Horn of Africa, the author indicts the West for past and present exploitation, but also makes a plea for humanity and rationality on the part of the two superpowers, suggesting that they should recognize their own interest "in making the powerless stronger, if only to reinforce independent judgment in respect to their own otherwise dangerous deficiencies."

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